

NEWS SUMMARY

Mexico blast kills **90, injures 400**

More than 36 people were killed and over 400 wounded when gas tank exploded at Mexico City's main gas distribution centre. The death toll is expected to rise as hundreds of people are missing.

The explosions at the plant in San Juan Exhuntepec on the northern

fringe of the capital are believed to have been set off by a leaking gas duct.

The leak ignited and set off a chain of detonations, which engulied the

A pilot overflying the area before dawn said the flames from the explosion leaped 1,500 metres into the air. Four of the dead were killed when their house, 2 km away from the explosions, was crushed by a section of one of the San Juan gas tanks.

Pernex, the state oil monopoly, shut off all gas, refined products and oil pipelines into the Valley of Mexico, fearing that the violence of the exploas might set off new conflagrations in other parts of the city. Page 22

GENERAL

Gandhi . alleges conspiracy

The assassination of Mrs Indira UK INDUSTRIALIST Sir William Gandhi, India's Prime Minister. Lithgow has filed a complaint to was the result of a conspiracy aimed at breaking up the country. Mr Rajiv Gandhi, her son and the country's new premier, said. Page 3

Chad talks

French Defence Minister Charles Hernu had a two-hour meeting with Chad's President Hissene Habre which reportedly focused on possible French military action if Libya failed to withdraw its remaining troops from the country. Page 3

Party to defy law

South Africa's main white opposition party, the Progressive Federal Party, will defy the law and open its ranks to anyone, regardless of co-

Diplomat shot

A Turkish diplomat was shot dead in his car in Vienna. Police said they found evidence that an Armenian group was responsible.

Moscow corruption

Soviet daily newspaper Pravda said too many corrupt and time-serving Communist Party officials were still in their posts and renewed calls for

Bolivian election

Bolivian President Hernan Siles Zuazo agreed to step down in August next year after talks with opposition parties that had demanded his resignation.

Egyptian alert

Egyptian security forces have been put on alert for possible Libyan reprisals after Egypt's announcement that it had foiled a plot to kill a Libyan opposition leader.

ETA trial

appeared in court in Madrid to face charges of terrorist -activities. **Dutch strike**

More than 3,000 Dutch industrial

workers went on strike at about 30 companies, mostly in the Rotterdam area, protesting against government policies on social security and shorter working hours. Page 2

Pollsh withdrawal Poland is to leave the International

Labour Organisation, the United Nations agency whose three-man inquiry team reported that Poland had infringed workers' rights by

Executions denied

Companies 23, 25

World Trade 4

Companies 26-27

Crossword

BUSINESS

Warning to U.S. on **Telecom**

Lithgow has filed a complaint to U.S. authorities about the American marketing of the British Telecom share issue. Page 22

DOLLAR gained in London to DM 2.992 (DM 2.9675), FFr 9.16 (FFr 9.125), SwFr 2.4735 (SwFr 2.452) and Y243.6 (Y242.8). On Bank of England figures, its exchange-rate index improved to 139.8 from 139.0. In New York it closed at DM 2.9925, SwFr 2.477, FFr 9.1875 and Y243.85.

STERLING fell 60 points in London to \$1.249. It also declined to Y304.25 (Y304.5) but improved to DM 3.7375 (DM 3.72), FFr 11.4525 (FFr 11.42) and SwFr 3.09 (SwFr 3.07). The pound's exchange Index fell 0.4 to 76.0. In New York it closed at \$1.2475. Page 43

WALL STREET: The Dow Jones in dustrial average closed 2.65 down at 1,165.29. Section III

LONDON equities recouped most early losses, leaving the FT Indus-trial Ordinary index just 0.9 lower at 919.L Gilts eased. Section III

TOKYO slocks traded thinly but the Nikkei-Dow market average picked up 29.50 to 11,284.21. Section III

GOLD fell \$3.25 on the London bullion market to \$342. It also declined in Frankfurt to \$343.50 and in Za-4J. In New York, mex December settlement was \$343.30. Page 42

SOUTH AFRICAN Federal Reserve Bank swiftly followed the leading commercial banks by reducing its principal rediscount rate, the bank-ers' acceptance rate, to 21.25 per cent from the record 22.25 per cent fixed on August 3.

per cent. Page 22 VANCOUVER Stock Exchange has

suspended shares of four resource companies as investigations continue into the cause of a sudden fall in share prices on October 19. Page 23

The first suspected member of the Basque separatist organisation of its wholly owned Canadian pack-ETA to go on trial after extradition aging unit for U.S. \$198m to a newly of its wholly owned Canadian pack-aging unit for U.S. \$198m to a newly formed local company led by Onex Corp. an investment group whose shareholders include several leading Canadian financial institutions.

ALUSUISSE and Norsk Hydro have announced plans to redistribute their shareholding in Soral, the Norwegian smelting company. Alu-suisse is to sell part of its controlling stake in Soral to permit Norsk Hydro to lift its shareholding from

some 25 to 50 per cent. Page 23 CREDIT SUISSE First Boston is to ead a Y10bn certificate of deposi (CD) issue for the London branch of Credit Suisse, the first CD issue ever in Euroyen. Page 44

LEVI STRAUSS, the U.S. clothing manufacturer, has further revised its profits forecast for this year and now expects net earnings to fall 80 per cent to \$40m. Page 23

HEWLETT-PACKARD, U.S. elec-Nigeria's military government denied a London newspaper's report that it had executed 42 people said to have plotted to assassinate Maj 27 per cent in the full year, excluding the favourable impact of a tax law above Poor 24. law change. Page 25

CONTENTS

Thatcher and FitzGerald to seek fresh initiative BY MARGARET VAN HATTEM AND BRENDAN KEENAN IN LONDON

the British Premier, and Dr Garret FitzGerald, the Irish Prime Minister, have agreed to intensify efforts to establish a new political frame-work in Northern Ireland accept-

The plan is to hold another summit early next year at which it is hoped that detailed proposals for

able to both Unionists and Republi-

new political and security struc-tures will be ready for decision. Both emerged from yesterday's summit meeting at Chequers, the British Prime Minister's official country residence, saying that they were the most extensive and constructive talks yet. The two leaders

MRS MARGARET THATCHER, had for much of the time been alone dent that the Prime Minister is munities with the confidence that One of the main areas of differ in closed session.

Mrs Thatcher said: "It was the follest frankest and most realistic bilateral meeting I have ever had with the Taniseach," (the Irish Prime Minister). Dr FitzGerald failed, however, to

wrest any explicit commitment from Mrs Thatcher on an enlarged role for the Dublin Government in the administration of Northern Ire-

Mrs Thatcher said: "None of us can predict whether we will be able to devise proposals that will lead to greater stability or what they will be. And I do not think that every-thing will be solved the next time. Dr FitzGerald said: "I am confi-

committed to trying to solve the problem I do not know and cannot

know if we can succeed." In their joint communiqué, the two leaders agreed on some of the criteria outlined in the New Ireland Forum report as essential to a last-ing settlement in Northern Ireland. Those include:

That the identities of both the majority and the minority communities in Northern Ireland should be recognised and respected, and re-flected in the structures and processes of Northern Ireland in ways acceptable to both communities. • The process of government in Northern Ireland should be such as

their rights will be safeguarded.

Mrs Thatcher specifically ruled ont the three options set out in the New Ireland Forum report for changes in the constitutional position of Northern Ireland - a factor that might expose Dr FitzGerald to criticism at home.

It is understood, however, that none of the options for involving Dublin more closely in the running of the province, which officials have been studying in recent months, has been ruled out. Yesterday's summit appears to have opened the way for further work in these areas, with a view to producing detailed to provide the people of both com-

The Bank of England signalled its approval of the move by Bar-clays Bank to a base rate of 9% per

cent by cutting the rate at which it supplies liquidity to the banking system from 10 per cent to 9% per.

links its base lending rate to rates

in the market through semi-euto-matic steps of % percentage point.

The Bank of Englands more year terday was seen in the City of London as part of a carefully orchestrated effort by the authorities to inster a spirit of market optimism.

in advance of the £3.8bm (\$4.85m)

British Telecom share issue this

that interest rates are set to fall. In

the early autumn, Mr Robin Leigh-Pemberton, the Governor of the

Bank of England, said be thought interest rates might move back to

the levels seen in the early sum-

mer. Although he did not specify a

monetary conditions would justify

interest rates of about 9% per cent.

should have an executive rather then a purely consultative role. Our Correspondent in Dublin adds: Mr Charles Haughey, Irish opposi-tion leader, attacked the outcome of the summit. He said it was "tragi-

substance had emerged from the meeting between Dr FitzGerald and

British banks set

to follow rate

cut by Barclays

percentage point amid widespread since mid-July when they were expectation of a larger and more raised by 2% percentage points in general reduction in the costs of two stages to 12 per cent walls in borrowing.

Mr Nigel Lawson, Chancellor of id Morrison, economist for the Lon-

In sterling .

Mr Hanghey said the way for a political advance had been cleared by the work of the New Ireland Form, but the Irish Premier and Mrs Thatcher could not agree on a posi-tive response to its report or to undertake any joint constitutional

The authorities made clear then

that they wanted to cut rates as

soon as possible and the first re-ductions were made in August

The UK Government is especially anxious to achieve lower interest

rates because of evidence since the

summer that the pace of recovery

ment continues to rise whenpecter

The recent sluggishness of the

pace of economic growth was em-phasized yesterday by figures from Britain's Central Sinistical Office

that showed that the output mee

sale at Gross Domestic Product be-

the third quarter of this year was

Treasury's latest forecast suggests that the underlying pace of economic growth is set to decelerate.

However, the indications yester.

day were that the authorities in

tended to move cautiously. Mr Dav-

the desire for lower interest rates

and the anciety not to unset ster-

ling."
The authorities are clearly anx-

ious not to move so precipitately as to risk any sharp fall in confidence

Complaint to SEC; Lex, Page 22;

BT prospectus note, Page 26; BT prospectus, Pages 8-18

Moscow to investigate its Swiss bullion trading cally disappointing" that nothing of

By John Edwards and Andrew lowers in London

BANK Wozchod-Handelsbank the Soviet Union's Swiss-based gold-trading bank, has launched

an investigation into its own trading activities. The bank's London trading partners have been asked to ex-amine details of all business transacted with it in the last two to three years and not to con-clude further deals with a senior Wozchod dealer. The request came in a telex received by them in the post few days.

London bankers believe the Soviet bank has suffered losses of millions of dollars on its gold trading account. One said the development was bound to affect Bank Wozchod's standing in the gold market. "Our bank, for one, will not be keen to deal with Wozchod for some time aiter this," he said.

Bank Worchod, wholly owned by the Soviet Union's Foreign Trade Bank and its State Bank, is the main trading outlet for So-viet gold in the West. The Soviet Union is the world's second largest producer of gold, after South

Africa.

One trader said, however, that, the Soviet Union and recently been showing signs of interest in selling more gold directly out of Moscow, possibly as a result of disastistaction with the Zarich operations of Bank Wozchod.

"They med to be very competi-tive and active quoters in the market, but they are not any more," he said.

In Zurich, bankers were cau-tious about the affair, But said they did not believe that large as were involved.

The move by the Soviet bank comes amid permistent reports of a fightening up by the Swiss horities on their banks 4.0 intelling operations. One had some context of a "murre" spuke yesterday of a "purge' fecting several other Zux hased banks.

According to its most requarterly statement, the bar had shareholders capital . SwFr 65m (\$26.5m) and a total . balance sheet of SwFr L47bu. It SwFr 10m and open reserves of SwFr 63m.

John Wicks adds from Zurich: ner directors of Bank Wozchod were unavailable for com-ment on the affair last night. The Swiss Federal Banking Com sion, which is responsible bank supervision, declined

Reagan orders Record Laker Airways work by probe closed

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

price transatiantic air fares yester- tense fare negotiations, and on a day, when he ordered the U.S. Jusseparate civil anti-trust law suit tice Department to drop its Grand Jury investigation into the Laker Airways anti-trust allegations.

The President's Intervention, described last night as "highly un-usual," closes an 18-month investigation against the wishes of the

Justice Department. The department officially announcing the abandonment of the case, said the President had determined that such a move would be "in the nation's best foreign-policy interests." It made clear that it had wanted to continue the investigation but had been overruled by the White House.

The timing and form of President Reagan's action indicates that he is auxious to patch up the differences between the U.S. and Britain over transatiantic air fares. These have come to a head again after the introduction of discount fares by the main Atlantic corriers this winter.

The British Government reacted strongly against the fares last month, threatening to make a surthe cheap fares unless the airlines ahandoned them. Although the UK authorities subsequently allowed the initial fares sold under the programme to stand, the airlines have all now returned to normal pricing on their Atlantic routes. The latest dispute is linked to the

Laker case because of the British Government's fear that without a ICELAND devalued the krona by 22 specific U.S. Government ruling, British carriers introducing cutprice fares might be taken to court on anti-trust grounds.

BY PAUL TAYLOR IN NEW YORK

STORAGE Technology, the strug-gling Colorado-based computer

equipment company that filed for

protection from its creditors under Chapter 11 of the U.S. bankruptcy code three weeks ago, yesterday cut its workforce by a further 1,200 or

almost 10 per cent, as part of its struggle to survive.

The company, which on Friday lost a commitment from New York's

Chemical Bank for a \$150m loan,

said most of the latest lay-offs

would occur at its Colorado manu-

facturing facilities. Storage Tech-

nology has 12,347 eraployees, down

from over 15,680 six weeks ago. The latest job cuts follow a 1,500 reduction announced early last

month when the company first pre-dicted a substantial third-quarter

loss since the Chapter 11 filing on

October 13. Other job losses have resulted from the closure of manu-

facturing plants, including Storage

Storage Technology said the lat-

Technology's Dublin facility.

PRESIDENT Ronald Reagan It was not clear last night what cleared the way for a resolution of impact the President's ruling would the Anglo-American row over cut have both on the current round of

> brought by Laker creditors. The President's action stops only a criminal case brought by the Jus-tice department. The department has consistently refused to accept any connection between that cas some of which has already been ropped) and the civil action.

Nevertheless, there was speculation last night that the dropping of the Justice Department's suit will make it more difficult for the civil action to succeed. The decision or whether to proceed with that suit

whether to proceed with that such now rests with lawyers from both sides and the judge on the case. Similarly, although the Justice Department insisted that the powers no connection between the Grand Jury inquiry and the transallaritic air fare negotiations, it is nevertheless felt that the President's action will be viewed as an olive branch to the British Government.

Michael Donne, Aerospace Corre-apondent, in London, adds: Presi-dent Reagan's decision will be welcomed in Britain as it removes the threat of possibly heavy anti-trust damages that has been hanging over British Airways in the run-up to the airline's privatisation, and it means that the prospectus for privatisation may now be written with-out any caveat to that effect. It also demonstrates to all the

other airlines involved in the Laker affair, including British Caledoman and several leading European op-erators, that it is possible to overcome the threats imposed by the op Continued on Page 22

ast lay-offs were part of its continu

ing programme to reduce operating expenses. The company, which 10 days ago announced a \$84.7m third-

quarter loss and a loss of \$80.2m for the first nine months, has been

struggling to cut costs in an effort

to continue operations while a plan of reorganisation is worked out.

The loss of the \$150m Chemical

Bank credit late last week was seen

by some as a further serious blow to

the company's chance of emerging

from the bankruptcy court proceed

ings as a viable independent busi-ness. Nevertieless. Storage Tech-

nelogy, whose president and chief operating officer, Mr Naim Aweida, brother of the company's founder, chairman and chief executive, Mr

Jesse Aweida, resigned recently, said then that it was engaged in dis-

cussions with other unnamed finan-

cial institutions to obtain the cash it

Hewlett-Packard results, Page 25

needed during reorganisation.

Storage Technology

cuts 1,200 jobs

return to **UK** miners

By John Lloyd, Industrial Editor,

BRITAIN's National Coal Board (NCB) vesterday reported a further record number of miners - 2,282 returning to work for the first time since the pit strike began last

That brings the number who have gone back to work in the past formight to about 9,500. The board now has at least some miners working at 140 of its 174 pits, although only 59 are producing coal.
The latest "surge" back to work

The other main UK clearing came amid clear signs that the Gov-ernment and the board would not banks made no move yesterday, al-though most City of London ana-lysts believe that money markets resuma negotiations with the Na-tional Union of Mineworkers are now consistent with a general (NUM) unless the union abandoned cut in base rates from 10 per cent to its complete opposition to the clo-sure of uneconomic pits. W per cent. Recently the banks have preferred to move in "percentage-point steps, although Barcleys Bank has announced a farantla that

Mr Peter Walker, the Energy Sec retary, yesterday showed little interest in a proposal mooted by several leaders of the Trades Union Congress (TUC) that talks should resume on the basis of a revised and updated Plan for Coal.

The NUM has insisted through out the dispute that the board must adhers to the Plan for Coal, first drawn up in 1974 between the then Labour Government, the board and Mr Walker said the board and the mouth. NUM should discuss the future of

industry - but that Mr Arthur the Exchequer, has repeatedly said don broker Simon and Contes, said: Scargill, NUM president, did not ap-pear to be interested. He has stuck to one demand. He knew it would be impossible to accept. I believe his desire is to continue with the conflict.

The minister welcomed yeste

day's return to work and said that only violence and intimidation de authorities believe that underlying terred the majority of miners from abandoning their strike. He dis-tanced himself from the board's op-

Continued on Page 22

Bundesbank calls for spending

By Jonathan Carr in Frankfurt

In its latest monthly report, the Bundesbank makes clear that it is not urging federal and regional au-

success so far achieved in budget

largely satisfied, such as autobaha-building, the public sector has a Continued on Page 22

THE BUNDESBANK, the West German central bank, has cautious by encouraged the state to boost investment spending to help to pro mote more economic growth and create jobs.

thorities to abandon their efforts to cut their budget deficits.
It emphasises, however, that the

consolidation has given the state more room to manoeuvre on the investment side.

The Bundeebank mentions pronotion of entrepreneurial innova-

now afford to spend more.
It also indicates that with many big "traditional" investment need

tion and protection of the environment as fields where the state could

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Technology 28 Unit Trusts 40-41

over defence 2 Malaysia: looking to its Lex: Dixons; ANZ; markets; private sector 3 L. M. Ericsson 22 U.S.: generals do battle with Michelin: aiming to bounce

agriculture; UK unions . . . 20

Soviet Union: in a quandary UK: revolution in the air for Sunday shopping 21

British investment: disasters Management: building up a the exception in U.S. 20 small airline 29

Eurobonds 44
Euro-options 37 America 4 Financial Futures 43 Companies 23, 25 Overseas 3 Companies 24, 25

Mining 27
Money Markets 4

Editorial comment: world Technology: birth of a new penicillin 28

BY ALAN FRIEDMAN IN MILAN

THE PORT of Genoa, long troubled by dwindling business, labour troubles and political squabbling, will suffer e total loss of L500bn (£214m) for the three-year period ending next

Sig Roberto D'Alessandro. the recently appointed presi-dent of the Genoa Port Authority, sald in Milan yesterday be hoped to use the next three years for a dramatic re-structuring. He bas been working to

He bas been working to achieve a consensus among the many local and national interests concerned with the port's future. He promised yesterday that his three-year plan would preserve all the 6,000 jobs now related to the port. This would be achieved by redealoging some workers in hy redeploying some workers in new sectors such as tourism and

duty free zones. His plan calls for an investment of L366bn between 1985 and 1987. Around L200hn could come from banks and the balance from public and private

Sig D'Alessandro's aim is to double port volume by 1987, starting with the Industrial markets in north-west Italy and then the rest of the north "Once we have increased business in our home region then we can capture Mittel Europa, including Switzerland, Austria and other places," he said. Genoa had lost too much

Genoa had lost too much traffic in recent years to the better equipped and cheaper ports of Rotterdam and Marseilles. "We have to market Genoa internationally and we need more competitive tariffs."

The city is a victim of recession in the local steel and hipping industries, of mismanageaion in the local steel and hipping industries, of mismanagement and of chronic labour problems. Sig D'Alessandro's work on restructuring the port is viewed as essential if the city is to be revitalised.

ltaly's balance of payments in October showed a L1,105hn (£474m) surplus, following a deficit of L597bn in September. So far this year the surplus is only L122bn, against L3,3675n in the same period of 1983.

Rotterdam hit as week of union protests begins

ABOUT 3,000 workers yesterday long lunch breaks and meetings. staged strikes and go-slows at 20 to 30 Dutch companies, mostly in the Rotterdam area, in protest at the Government's policies on social security, shorter bours and pay negotia-

In Rotterdam barbour, four grain companies were hit hy 24-hour strikes although shipping traffic was unaffected. Only if the strikes continue for several days will vesseis have to be diverted, according to a port

spokesman.

Monday's actions launched a week of measures planned by the FNV, the Netherlands' largest labour federation. largest labour federation, against the Government's intention to cut social security benefits. particularly sick pay. The 937,000-member FNVI s

also demonstrating against tite sluggish pace of reducing the working week and filling resulting to vacancies, as well as warning about the next round contract negotiations due

About 4,000 workers were expected to strike today white 2,000-3,000 stage go-slows at hetween 60 and 70 companies nationwide, including multinationals such as AkZO, Philips and Royal Dutch/Shell

Among other actions yester-day, workers stopped work at eight cardboard-hox companies in the north, a chemical com-pany neor Utrecht and a shipping concern northeast of Rotterdam.

In the Rotterdam port, the strike at one grain transhipper at least was scheduled to congrain-silo companies are the target for 24-hour stoppages, an ENV spokesman said FNV spokesman said.

The FNV has called for scattered, limited action aimed at publicising its opposition to the continuation of the centre-right coalition Government's retrenchment policies. The private-sector actions, bowever, were planned as a symbolic procontract negotiations due test compared with six weeks of strikes by civil servants that rocked the Netherlands a year ins this week culminating thursday with about 100 lobour strife since the second panles targeted for strikes, World War.

Spain agrees cutbacks in five state shipyards

BY DAVID WHITE IN MADRID

against planned cutbacks in Spain's big state-owned shipyards is set to continue despite a hard-won agreement between state officials and the last trade union left in the negotiations, the Socialist UGT.

of last week by the Government, the state industrial holding compa-ny INI and the UGT includes concessions to some of the union's demands - notably on maintaining productive capacity intact until 1987 in case of a sharp market recovery. The plans involve the loss of more than 8,000 jobs in the five big

shipyards, only three of which are

to continue building ships.

The agreement on conditions was immediately rejected by the Communist-led Comisiones Obreras union, the most powerful in the involved in the discussions, the strategy for the sector.

THE CAMPAIGN of protests against planned cutbacks in Spain's and the radical Galician union INTG, bad pulled out of the talks some time ago.

The regional governments of the Basque country and Galicia, the two regions in which major ship-An agreement reached at the end yards are scheduled to cease shipbuilding activity, also refused to join the UGT in underwriting the

agreement.
The conditions agreed with the UGT include pledges to provide new jobs to replace those lost in the shipyards and in auxiliary industries. Work contracts are in the interim to be suspended rather than rescinded - a compromise that is rapidly becoming the norm in Spain's ambitious industrial re-

The INI group, which controls all the big yards and some of the smalldustry. Comisiones, like the two er ones, has been given a year to other key labour organisations in draw up a medium and long-term

water-resistant quartz watches, in gold or steel and gold

France will continue to ease price controls

By Paul Betts in Paris

THE FRENCH Government said yesterday it inlends to continue gradually relaxing controls on the prices of industrial goods and ser-vices. But it warned that the rate at which prices would be freed depended on French enterprises rather than on

The Finance Ministry also National Price Committee that about 6 per cent of industrial prices would be freed between now and the beginning of next year.

This will involve about FFr 160bn (£8.7bn) in industrial sales, and include such sectors as electrical cables sectors as electrical cables and wires, plastics, prinling, industrial wood products, informallon processing and automated office equiphent.

M Pierre Beregovoy, the Finance and Economy Miniater, disclosed on Sunday the decision to free some indus-

decision in free some indus-trial and services prices. The details announced yesterday reveal the move to be rela-lively modest in thot about two-thirds of French indus-trial prices have already been

freed.

Moreover, employers are conlinning in campaign for the total relaxation of price controls. But the Finance Ministry sald yesterday that prices would be freed when economic and market conditions ellers. tions allow.
It also confirmed the Gov-

ernment's intention of hold-ing down consumer prices to a 4.5 per cent annual rate next year compared to this

year's 7 per cent target, which risks heing overshot.

The measures to relax prices of services are even more modest than those for industrial reads. industrial goods. This reflects the Government's concern to intervene quickly to check any sudden npsurge in inflation. Indeed, it is only envis aging freeing price controls nn about 10 service sectors in the first half of next year,

Alleged Eta terrorist goes on trial

By David White in Madrid THE TRIAL began here yesterday of Sr Joseha Arteche, alias "Txistu," one of two men arrested by the Belgian police with a car-load of ammunition in October 1983 and extradited to Spain last July. It is the first time in the

25-year history of Eta, the Basque separallst organisa-llon, that an alleged Eta tertorist has come np for trial in Spain after being extradited from another country.

The prosecution is seeking
IS years' imprisonment for

15 years' imprisonment for attempted robbery with intimidation, illegal detention and bodily harm. Sr Arteche (24) was sought in counection with a bank assault and the kidnapping of a Ministry of Agriculture official in the Spanish Resource country. Spanish Basque country.

Belginm's extradition deci-sion, followed in September by a similar French move against three men accused of widespread protests, and these can be expected to be

renewed during the trial.

The hardline Eta-Militar yesterday claimed responsibility for the assassination last week of M Jacques Couchot, a Frenchman living in Irun whom it linked with the Cel organisation which the Gal organisation, which has been involved in reprisals against Eta militants exiled in France.

Patrick Cockburn assesses two thorny questions awaiting a decision by Moscow

Kremlin in a quandary over defence

THE ILLNESS of Marshal under President Reagan.

Dmitri Ustinov, the Soviet Defence Minister and a key member of the politiouro, preventing this review of troops in Red over the Soviet Union the polition of Usashington for trying to achieve military superiority to achieve military superiority the military. President Konstontian Chernenko said in March

next Defence Minister after 76year-old Marshai Ustinov, There

the increase was only 2.8 per cent in 1983. If the Soviet leadership does year-old Marshal Ustinov, There is no obvious candidate since btarshall Nikaloi Ogarkov, the prestigious Soviet Chief of Staff lost his post in September.

The Defence Minister is all the more important since the Kremtin does not appear to have decided how it will react to the rise in U.S. military expenditure

If the Soviet leadership does feel compelled to increase significantly its military hudget this would have a powerful negative impact on the rest of the conntry escaping from the low growth rates of the last years under Mr Leonid Brezhnev.

ber of the politiburo, preventing its review of troops in Red Square on November 7, under-lines the importance of two decisions Moscow must take in the near future which will shape its fence allocations rose by an easing to achieve military, superiority the military. President Konstontin the military. President Konstontin Chernenko said in March tin Chernenko said defence policy for the rest of the average of 2 per cent a year But two months later, in May, decade.

But two months later, in May, Marshal Ogarkov was outlining the first is who is to be the the increase was only 2.8 per his vision of the sort of equip-

ment the Soviet ermed forces will need in future.

The Chief of Staff orgued that the numbers of nuclear weapons held hy the superpowers, and the diverse means of delivering them, makes a first strike a practical impossi-

first strike a practical impossi-bility. Means for nuclear retallation would never be wholly obliterated, be said.

The real change was in high technology conventional wespons: "automoted reconnais-sance and strike complexes, long making it possible to increase aharply (by at least ten times) the strike potential of conven-

tional weapons."
This appears to be the view, This appears to be the view, not merely of Marshal Ogar-kov, but of the Soviet general staff as a whole. Marshal feasible once again. To the Soviets, said one U.S. Warsaw Pact forces and the next most senior officer after Ogar-kov, said recently that soon again. To the Soviets, said one U.S. defonce specialist, the move to develop an annih-bellistic missile system is "an explicit way of some specialist," the move to develop an annih-bellistic missile system is "an explicit way of the soon again. "conventional weapons will ap-proach nuclear weapons in terms of effectiveness

approach. The polithure knows the economic consequences of and may dismiss much of the U.S. defence investment as folia

Its concern is much more focused on "ster wars" and President Reagan's backing for the development of an effective anti-missile defence system. If saying we are prepared in think seriously about fighting e nuc-lear war."

Romania to renew its Warsaw Pact membership

ROMANIA yeaterday hecame Romania's membership of the say it will renew its membership of the Warsaw Pact, when the treaty expires next year, In the course of a four and

a half hour speech, marking the opening of the Romanian Communist Party congress in Bucharest, President Nicolae Ceausescu said his country would continue to seek the abotluon of the Warsaw Pact and Nato hut saw no option in the meantime but to maintain

the first East bloc country to former. for an immediate reduction of say it will renew its member. Romania has generally taken at least 10 per cent in military a very low profile in the Pact.
Its troops do not particiapte in alliance manoeuvres nor are Soviet troops allowed on

Romaniao soil.

Mr Ceausescu called for U.S.-Soviet arms control negotia-tions to resume and praised hoth Mr Konstantin Chernenko, the Soviet icader, and President Ronaid Reagan of the U.S. for recent proposals of curbing the arms race.

spending on both sides, to he followed by further cuts every year. These should be accompanied by a reduction in armaments and forces.

The Romanian leoders argued

that the United Nations could assume responsibility for drawlng up an international treaty on outer space to prevent its militarisation. As first steps, it could call a world conference and set up a special committee

He repeated his earlier call for the protection of outer ports next year would be 85 per speech focused mainly on the 1986-1990 economic plan, the success of which, he said, would success of which, he said, would require greater effort and self sacrifice by the Romanian people. He dismissed "theory," foreshadowed a less important role for the state, and emphasised that Romanle would inten-

sify its role in the Comecon. Efforts to reduce the external debt would be intensified by further reducing imports. Ex-

cent higher and imports 18 per cent lawer than in 1980. However, large quantities of oil, coal, gas and other raw materials would continue to be imported—most come from the Soviet Union. Industrial production is set by

1990 to increase by 34-37 per cent above the 1985 level. This is to be achieved by greater labour productivity and by linking wages more closely to com-pany performance.

By Bridget Bloom in Brussel

NATO HAS now deployed

Gen Bernard Rogers, the

Common, Another 16 cruise missiles were in Italy, while

West Germany had now 45 Pershing missiles deployed.

Gen Rogers' public confir-

mation of the new missile numbers is the first from a

senior official since deploy-ment began almost a year

ago. They are due to be com-pleted over the next three

years, with Britain taking 160 cruise missiles, Italy 112 cruise missiles and Bolgium and Holland 48 each.

that Nato's pledge to remove one nuclear warhead for every one of the new American missiles deployed was be-

However, he was particularly critical of the decision by Nate defence ministers in

October last year, to announce

the removal of 1,400 wor-heads on short range nuclear

heads on short range nuclear weapons in Europe.

The decision was announced amid great fanfare by defence ministers meeting in the Nuclear Planning Group (NPG) at Monte Bello in Canada. It came only weeks before the deployment of the new U.S. missiles and

was clearly designed to soften

ing honoured.

1. No.

Stalemate on EEC entry terms tops foreign ministers' agenda

8Y QUENTIN PEEL IN BRUSSELS

for membership to be offered to Spain and Portngal will be top of the agenda for the ten foreign ministers meeting in Brussels today, with just one week to go before the next round of formal negotiations is due to begin.

Top-ievel officials from the Top-ievel officials from the fanean agricultural products. Ten wrestled all day yesterday from Spain, and exports of norwith the outstanding problems of bow to cope with Spanish agricultural exports, and the buge Spanish fishing fleet, without coming appreciably nearer to a common position.

Moreover, there are growing Moreover, there are growing the common fisheries policy for such a long period as that allowed the common form of the common fisheries policy for such a long period as that allowed the common form of the common fisheries policy for the common fisheries and common fisheries are common fisheries are common fisheries are common fisheries and common fisheries are common fisheries ar

Spanish negotiators next week.

A RENEWED effort to resolve cannot expect to reach agree-the stalemate within the Euro-nean Community on the terms their own attitudes,

Speaking to the joint committee of the European Parliament and the Spanish Cortes. Sig Natali said it was not realistic to think some solution could he found without fieding a halance between imports of Mediter-ranean agricultural products

Indications that, even if they do ready proposed?" be asked, reach agreement among them selves on the transitional transition period, extending to arrangements to be proposed, 15 years barring any comprothese will prove unacceptable to mise agreement.

The ministers will be meet-The foreign ministers were siven a clear warning yesterday by Sig Lorenzo Natali, the Italian Commissioner responsible for enlargement, that they

Soares to press for UK support

during their London talks.

These negotiations should bave been completed last month but they iost momentum and are now hampered by during their London talks.

Bilateral questions like the British Government's interest in the outcome of negotiations for two large British private

Portuguese products. Italy is insisting on restrictive transition perioda for Port after accession to protect its sweet dessert wines. It also wants reportugal's new \$275m (£218m)

packages will be ready for nego-tiation by next week. The talks then with both

Spain and Portugal will concen-trate rather on the "mini-package " of measures, such as social affairs, institutional relations, industrial tariffs and olive oil, agreed by the Ten in Luxembourg last month. If the foreign ministers fall to advance the dosslers on fish-lng, agriculturat trade, and given the outstanding failure

of their agriculture colleagues to resolve how to control the over-production of wine, all those Issues may be left for the EEC heads of state to settle at their summit meeting in Dublin in December,

There is more prospect, however, of them reaching some agreement on financing ald spending in the forthcoming Lome ogreement, leading to a total package of some Ecu 7.4bn

The criticisms are directed primarily against the Social Democratic Party, which, although in opposition, commands a majority in the Folketing (parliament) against the

SR MARIO SOARES, Portugal's Premier, who begins a four-day official visit to London today is experted to press hard for British aupport in rapidly completing his country's negotiations on entry to the EEC.

Sr Soares, who bas staked his complex drawing on British political reputation on seeing know-how. After a dynamic start, negotiations start, negotiations start, negotiations start, negotiations start, negotiations start, negotiations of the community when senior Portuguese officials over delays to Mrs Margaret for a premium on top of Thatcher, his UK counterpart, during their London talks. The party's leader, former Prime Minister Anker Jorgen-sen, says the American's criticisms are misinformed and based on the supposition that the Social Democrats want to tise, equipment and guaranteed export markets with high added value for the output of the mill. take unilateral measures to make Denmark a non-nuclear zone.

Prime Prime Minister Wilfried Martens said in a published Interview yesterday that the first cruise missiles will be dea £50m investment in Soporcel, entry as minority shareholder ployed in Belgium next March, pulp mill. This would create a fully-integrated pulp/paper majority.

entry as minority shareholder in Belgium next March, but stressed that this will depend on progress in East-West arms control.

Rogers says Denmark's 90 missiles Nato doubts deployed draw fire

By Hilary Barnes in Copenhagen DANISH POLICY lowards the more than 90 new U.S. cruise and Pershing auclear missiles in Enrope nut of a planned total of 572. tion is subjected to withering criticism from senior U.S. diplomats, supplemented by Lord Carrington, Noto's secretary-general, in interviews published by Management magazine. Supreme Commander in Europe, said yesterday that two flights or 32 cruise mis-siles are now at Greenham

Mr John Kelly and Mr James Dobbin, two State Department officials, are quoted as saying that It is lime for the Danes to make up their minds whether they want to continue to be members of Nato.

Mr Jon Lellenberg, from the Mr Jon Lelienberg, from the Pentagon, claims Denmark is in the process of leaving the alliance without realising it, and former President Jimmy Carter's security adviser, Mr Zbigniew Brwzezinski, calls "Danish stupidity a reward for the Soviets."

Lord Carrington describes attempts by Donish politicians to dissociate Denmark from Nato's doctrine of flexible response "the beginning of the end. This is like remuning the wall on which Nato's security attempts by Donish politicians

non-Socialist Government on foreign policy and defence

British Government's interest in the outcome of negotiations for two large British private inveatments in Portuguese industry, are expected to be high on the agenda.

Wigglns-Teape, the paper the Alentejo—is caught up in the manufacturer, are negotiating technical problems over RTZ's minority shareholder.

opposition to that event. Gen Rogers told a group of British journalists yesterday that he had warned ministers at the time that a reduction of 1,406. from the current total of 6,000 short range unclear weapons was "a high risk figure." The ministers' decision was based on a two-year sindy by

the so-called High Level Group (HLG) of senior defence officials but yesterday Gen Rogers said their work had been unscientifie. He suggested the HLG had "usurped the prerogalives and responsibilities" of the military anthorities who would be responsible, if it came to it, for Nato's nuclear war operations. Gen Rogers hopes to pre-

sent a report of a five-year study into Nato's nuclear arsenal to the NPG in the spring. This would detail Nato's needs in battlefield Nato's needs in pattiencial weapons for the next 10 years and would recommend precise numbers that should be withdrawn by 1988-89. He said yesterday that it was too early to be sure whether this would to be sure whether this would be as many 28 1,400

Polish move to curb university freedom

THE Polish Government is stepping up its attempts to curb the autonomy of the country's universities, writes Christopher Robinski in Worsaw. Professor Benen Miskiewicz, the Higher Education Minister, wants a greater say in appointments, pewers to change university senate decichange university senate decisions and a reduction in the number of junior staff and students on elected govern-

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Congo shipping pact may help Third World trade

BY FAY GJESTER IN OSLO

A UNIQUE shipping pact concluded tion simply as an administrative recently between the Republic of congo and Scadoa, the West African liner conference, a group of cide to invest in a single ship initial-shipping companies operating on a ly, which would join the Scadoa prearranged price basis could set a pool. pattero for co-operation between Third World nations and the European shipping groups which serve them, according to shipping

It will, moreover, be worth an estimated NKr 120m (\$13.9m) in gross freight earnings, over the next three years, to the West Africa line operated by Norwegian shipowners Leif Heegh. The line currently comprises four ro-ro ships, and accounts for 7 to 8 per cent of Hoegh. Under the three year deal, fina-

lised after prolonged negotiations, Congo's national right to carry 40 per cent of its imports and exports in its own vessels is being delegated to Scadoa (Service Commun Armement Desservant Oeust Afrique), where trade with Europe is con-

In return, Congo will receive a cash payment of FFr 21m (\$2,3m) over the three years. In addition, Scadoa will train Congolese staff, onshore and et sea, in preparation for the establishment, in three years, of a national Congolese ship-

ping company. to domestic shipping
The national company may func20 per cent in value.

Italian resistance to competi-

strictions on tomato paste and sardines for some years.

Hoegh executive Dag Alsing points out that many developing na-tions which have sought to establish national shipping lines have lost money heavily on these ven-tures. By co-operating with Scadoa. the Republic of Congo will be guaranteed income from shipping services immediately, without having to invest scarce resources in ships or administrative infrastructure. At the same time the country will be building up its own shipping

 Polish shipping companies will be looking to foreign yards for the bulk of their tonnage needs in the years between 1986 and 1990, writes Christopher Bebinski in Warsaw.

Debates on plans for this period now being drafted show that the value of deliveries by Polish shipyards to the West will drop by 25 per cent compared to the first half of the decade. Output destined for Comecon cus-

tomers, however, is expected to grow by 54 per cent with deliveries to domestic shipping lines rising by

W. German motorcycle maker begins long march to China

BY JONATHAN CARR RECENTLY IN MUNICH ZÜNDAPP, for much of this centu- Zündapp turned its hand to sewing far as agreeing on a price - but the

ry one of Germany's most presti-gious motorcycle makers, is about gines and mowing machines). But the deadline. Meanwhile a delegato take its last, long journey. The packers will soon be in to start dismantling the plant and machinery et the Zundapp works, hard by Mu-nich-East railway station. Destination - the port city of Tientsin, Chi-

Some of the Zündapp workers may go as well to help the Chinese start production. The rest must seek new jobs at home. Many seem dazed by this last act to a company drama, filled with triumphs but ending in bankruptcy with Chinese and Iranians racing to get their hands on the spoils.

Zündapp (short for Zünder- und Apparatebau) was founded in Nuremberg in 1917 by the Neumeyer family, at first with the hacking of Friederich Krupp. By the mid-1920s under the slogan "Motorcycles for Everyone," Zündapp machines were rolling off the production lines in tens of thousands. The labour force touched a peak of 4,000 during the second world war, when the company made heavy duty motor-

cycles for the military.

from 1948 it was back in its tradition from Tientsin had arrived in tional line of business too, boosting production at a new Munich plant and walking off with scores of prizes over the next decades. Old Zündapp hands still speak with glowing eyes of, for example, 1985 wban Zündapp took six new world speed records at Monza (Italy) and snapped up a bevy of first prizes in cross-country competitions at home and abroad.

Yet from 1980, when Zündapp had turnover of DM 170m (\$57.4m) tha writing started to appear on the wall. The recession cut the bottom out of the two-wheel motorised market. The Japanese, especially Honda, scooped up much of the available custom with lower-price models. Youth unemployment further chopped the clientele at which Zündapp was specially aiming with its lighter machines. The company cut its labour force from 1,500 in 1989 to some 700 this year - but it was not enough. In the autumn Zündapp went bankrupt.

cycles for the military.

Two potential buyers promptly initially banned from making momade a beeline for the official retorcycles by the victor powers, ceiver. One team from Iran got as nese competition?

sum did not reach the receiver by town, spent its nights in a modest boarding house and its days marching through Zundapp with an 80page inventory.

The team from Tientsin looked about to clinch the deal when a new shock bidder emerged - a Peking team which had bappened to be Germany ot the time and heard what was going on at Zindarn. Confusion briefly reigned then the Peking people gracefully withdrew (whether whistled back into line by higher powers is not fully clear).

Most observers feel that the canny Chinese have got a bergain. They are paying DM 16m (in three instalments to next April) for upto-date facilities and knowhow from a company which seemed to have everything - except a market. The Chinese can certainly provide that. Those with a sense of irony suggest that, after all, this may not be quite that after an this may not be quite the last act of the Zindapp drama. Could it be that in a few years young Germans may be riding on Zindapp motorcycles — made in China and cheaper than the Japa-



er a right subject

المكن المديد الآمر الم

Real GNP

privatise the national airline,

relaxed attitude bas emerged

The politics of cutting

civil service

is highly sensitive

of industrial incentives.

economics, Daim announced a M\$310m (£103m) personal in-

rato from 55 per cent to 40 per

jobs in the overmanned

weeks ago of Mrs Indira Gandhi, India's Prime Minister, was the result of a conspiracy aimed at breaking up the country, Mr Rajiv Gandhi, her son and the country's new premier,

in his first public speech on the assassination, Mr Gaudhi also alleged that "all the powers in the world have tried to desta-

Addressing a crowd of over 100,000 on the 67th anniversary of Mrs Gandhi's birth, he said:
"Evory day we read in the
papers reports that people in
foreign countries are belping to hreak up and weaken the country. We will use all our strength Mr Gandhi, who spoke in Hindi for 15 minntes at a rally in the centre of New Delhi,

hip

cogers a

eployed

THE ASSASSINATION three carefully avoided making any Mrs Gandhi's murder and are specific accusation about a foreign-based conspiracy. But the way he framed his

speech left the impression firstly that he was alleging an interthat no was alleging an inter-national conspiracy by Sikh extremists (the two assassins were Sikhs) and second, that he was suggesting that a foreign power might be involved.

The stylo of Mr Gandhi's specia was reminiscent of his mother, who constantly referred to the risk of foreign powers detabilising India when she wanted to unite the country.

She was expected to make extensive use of this tactic in the coming general election, had she lived. It is not surprising that Mr Gandhi should make such remarks as the country gets ready for its general election Police are still investigating

interrogating one of the two assassins who survived. Reports in Indian newspapers suggest planning their attack for some time and had belp from Sikhs

living abroad. -• India yesterday formally protested to Pakistan that Sikh oxtremists were allowed into Pakistan to demonstrate against Pakistan to demonstrate against India during colebrations earlier this week of a Sikh festlval. India alleges that some Pakistan Government officials encouraged tho extremists who barried Indian Sikh pilgrims. This has soured relations between the two countries just two weeks after President Zia ul-Haq of Pakistan attempted a rapprochement when he

a rapprochement when be visited New Delhi for Mrs Gandhi's cremation.

would involve borrowing that might jeopardise Malaysia's credit standing. It is still not out of the woods, but the Western mini-recovery of the past 18 months bas brought some interim comfort. Malaysia bas benefited by being an oil and gas producer, a major exporter of tin, timber, rubber and palm oil, and a budding manufacturer. Real growth in Gross Domestic Product is expected to be 6.9 per cent this

was catapulted from private businessman to Fluance

Minister four months ago people

have wondered just how he would attempt to direct Malaysia's resource - blessed

They now have an answer. The soft-spoken, 45-year-old

self-made millionalre friend of Prime Minister Mahatir Mohamad bas, in presenting his

first budget, decided to boost

the private sector without jettisoniog Malaysia's strategy of consolidating its precarious public finances and boosting improving the balance of pay-

The Government was forced to start trimming its sails in

1981 when it became clear that its counter-cyclical strategy of

ambitious spending would not beat the would recession and

economy.

ments.

year, after a better-than-hoped-for 5.9 per cent in 1983. But the world outlook remains uncertain — Malaysia's growth in 1985 is projected lower at 6.7 per cent—and the Government has been rodecting

further on its approach.

Lower - than - planned expansion in recent years has already rekindled discussion about the New Economic Policy begun in 1970, an axiom of Malaysian politics, because the policy uses growth to givo Bumipatras (indigenons Malays) a greater share of the country's wealth in relation to the local Chinese community and foreign inter-

high income earners.
Though vulnerable to attack of a need to match Malaysian as have rising natural gas ing is projected to fall to cut to M85.2bn this year tax rates with neighbouring exports to Japan. Next year's M87.65bn, down 17 per cent on will narrow only slight wittion as an entrepreneur that 450,000 b/d may go even bigber M89.24bn, If the 27 previously that it bas less priority.

More recently the Governthe cuts will increase producment bas recognised the need for a greater role for the pritivity and savings. Whether people invest those savings or opt for consumption may now have to await his promised imvate sector. Dr Mahathir has provements in the local interest telecommunications, railways and the container port. A more rate structure.

Account Balance

Chris Sherwell reports on the changing course of Kuala Lumpur's economic strategy

The M\$310m give-away, to-gether with other band-outs in child relief, lower estate duties and help for resource-based industries, will be more than recouped by other measures. Perhaps drawing on bis own business experience, Daim slapped a novel 10 per cent levy on sales of shares by inquoted land-based companies, thereby hitting property developers and over foreign shareholdings in resource-based industrial inspeculators. Sharply higher vehicle import duties, excise taxes, registration fees and road taxes will clobber car vestment, and the Government is overbauling the whole system

In a budget move redolent of controversial supply-side Personal income tax contributes a meagre and probably improveable 9 per cent of total come tax give-away which re-duced the bighest marginal tax Government revenue. By contrast, various petroleum revenues will contribute 22 per cent of the total this year.

cent and cut by up to 36 per cent the tax bills of middle and This underlines how Malayfor producing a "rich man's day (b/d) this year, has sus-budget," Daim in fact acted out lained Government revenues, day (b/d) this year, has sus- and communications,

world oil prices weaken

Foreign Debt

further.
This begs the question of whether the Government has been a little short-sighted by refusing 10 1rm its current expenditure. The politics of cutting jobs to a bureaucracy overmanned by Malays are

The recent budget is the latest potent sign of new thinking on the private sector

highly sensitive, but current expenditures have risen every year for the past decade. Costs for the "general administration" category will rise an cnormous 14 per cent this year,

an even larger 19 per cent next. In development spending the biggest cuts next year, as expected, but defence and interval security. But cuts of 51 per cent, along with smaller reductions this year and in 1983, follow sharp rises in 1979-52. The sia's oil production, up about other sectors to suffer beavily 17 per cent to 440,000 barrels a are public utilities, transport

Federal development spend-

Malaysia looks to the private sector and companies known as off budget agencies are taken into account—they include the state oil company Petronas, the heavy industries corporation and the Malaysian airline—total development spending is cut 10 per cent to M\$14.95bn. The overall public sector deficit is then further narrowed from an expected MS6.8bn in 1984 to a forecast M\$5bn next year.

The Government says develop ment spending has had to bear the brunt in this budget for the fourth year running because it depends on foreign borrowing and external balance of payments constraints intervened The merchandise trade deficts of 1981 and 1982, and the alarming deterioration in the current account, came as a considerable shock to the Government and it has sought remespending culs ever since.

Daim has resisted reversing this, Irrevocable commitments already made on certatu projects have caused Malaysia's foreign debt to go on increasing this year, from M\$30.95n at the end of 1983 to an unofficial M\$39bn at the end of this year Not borrowing in 1984 is officially put at M\$7.1bn, well up on last year's M\$5.12bn, but at least the off-budget agencies'

spending is peaking. The balance of payments has meanwhile been responding but in mixed fashion, Higher debt servicing is expected to push the invisible gap, a record M\$9.9bn this year, to M\$10.8bn in 1985, more than wiping out the bealthy trade surpluses of both years. Some of Daim's minor budget measures to encourage tourism and shipping

try to address this problem The current account deficit, which hit a record M\$Sbn in 1982, is expected to have been cut to M\$5.2bn this year, but will narrow only slightly to M\$4,9bn in 1985, a possible hint

Palestine National Council set to meet in Amman

BY OUR MIDDLE EAST STAFF

THE Palestine National Councii (PNC), or parliament-in-exile, last night seemed set to meet on Thursday in the Jordanian capital of Amman. This would be despite dotermined Syrian opposition and misgivings of groups within the Palestinian movement. Mr Yassir Arafat, Chairman

of the Palestine Liberation Organisation and loador of its mainstream Al-Fatah faction, is understood to bave succeeded in satisfying constitutional requirements for calling the ses-sion. This was done despite his failure at the weekend to conveno a meeting of the PLO's executive committee and tho opposition of Mr Khaled Fahoum, Speaker of the PNC. According to well-informed Palestinians in Amman, tho session, which would be the first since February 1983 and the big split in the movement late last year, will be held on the basis of a petition by a quarter of the body's 384 members. The meeting is to be chaired by Mr Fahoum's deputy, Mr Salim Zaanoun.

is to be beld in the Palace of Culture. The assumption vesterday was that the required quorum of two-thirds of members is obtained for the session, aimed mainly at giving Mr

South Africa bankers' acceptance rate cut

The South African Federal Reservo Bank has swiftly followed the leading commercial banks by reducing its principal re-discount rate, the bankers'

At the same time, it has reduced the three month

GROUP

New initial com-

New single premiums

ALLIED UNIT TRUSTS

DUNBAR

Funds under management (included in group figure above)

New sums assured

Unit trust sale

ISRAELI and Lehanese delegations negotiating the terms for an Israeli withfrom Lebanon yesterday began concrete discussions on the composition of the forces which would replace the Israeli troops after the pull hack, reports David Lennon from Tel Aviv. Discussions focused on the size and deployment of the UN's peacekeeping units both sides envisage being both sides envisage being stationed just south of the Awali river—the current front line of the Israeli occupation

force. The meeting—the third

of the withdrawal talks being beld at Nakoura in

sonthern Lebanon — opened with Israel "vigorously" rejecting Lebanon's demand for \$8bn-\$10bn in war reparations. Arafat and the moderate leadership greater flexibility in responding to any new U.S. peaco initiative for the Middle East.

The meeting which would be

Delegates were assembling in dominated by Al Fatah, could the Jordanian capital over the lead to perpetuating and even weekend for the meeting which to the institutionalising of the divisions within the movement The group of four guerilla factions calling itself the National Alliance, including the Al-Fatah rebels under Gol Abn Musa, will certainly be absent.

Gadaffi in further Chad troop pledge By Our Valletta and

Paris Correspondents COL Muammar Gadaffi, the Lihyan leader, yesterday (Mon-day) cited "logistical problems" acceptance rate, the panetrs acceptance rate, to 21.25 per cent from the record 22.25 per cent fixed on August 3. Anthony Robinson reports from his forces unless foreign troops ontered the country.

In Paris, however, senior French officials indicated that Treasury bill rate by 1 per cent to 20.75 per cent, with a similar reduction to 21 per cent in the rate of the Land Bank, which

Interim Dividend announcement

and statement for the

half year ended 30th June 1984.

New Business and Premium Income for the Half Year (estimated and unaudited).

£2.61br

£38.7m

£77.9m

£1.613m

£224m

£1.0m

£38.7m

ad10.83

C1 619m

£170m

£256m

£2.0m

£74.8m

£70m

NOTE. As stated in the amouncement released on 17th July 1984, approximately 125 of the 193 growth in total new initial commissions above represented the underlying growth of new business over the half year, the remaining 73 increase reflecting a number of "one-off" factors relating to a change in the Company's mix of business from life to pension products.

Britain briefed on 'plot to kill Thatcher'

By Tony Walker in Cairo

SIR MICHAEL WEIR, Britain's Ambassador in Cairo, went to tho Egyptian Foreign Ministry yesterday to be told about an alleged Libyan-inspired plan to murdor Britain's Prime Ministry ster, Mrs Margarot Thatcher. Egypt claims that the four men it is bolding in connection with an alleged assassination

plot against Mr Adbul-Hamed al-Bakoush, a former Libyan Primo Minister, bave revealed details about a comprehensive "hit-list" of world leaders, including Mrs Thatcher, Ghan-cellor Holmut Kohl of West Germany, President François Mitterrand of France, and King Fabd of Saudi Arabia.

Egypt is also alleging that Col Muammar Gadaffi, tho Libyan leader, also financed a plot to assassinate the late Indian Prime Minister, Mrs Indira Gandhi, long before the recent trouble in the Punjab.
President Hosnl Mubarak of Egypt at the weekend urged the international community to con-

front "Libyan-sponsored ter

rorism." Yesterday, Mr Godfrey Shinor, 47, named by Egyptian newspapers as leader of the alleged assassination squad was taken to the Bank of Credit and Gommerce in Cairo by security authorities, where be signed a large sum of money over to the Egyptian Govern-

A British Embassy spokes-man said yesterday a request had been made to the Egyptian to the two Britons among the four suspects being held, but this had not so far been granted.

The Bakousb affair marks a

new low in relations between Cairo and Tripoli Libya has now made its first direct reply to Egypt's claim that it had foiled a Libyan-Jana, the Libyan newsagency, yesterday accused President Mubarak of neglecting Egypt's domestic affairs and playing the "sbameful role" of an intelli-

£46.5m

£2.86bn

£43.2m

£79.7m

£160.5m

£3.550m

£291m

£452m

£2.7m

£102.lm

£55m

Boardroom luxury? Or business necessity?

The American Express Corporate Card System.

A recent survey has shown that at any given moment no less than £780 million of British company money is in employees' hands in the form of cash advances for travel, subsistence and entertainment. Just to service these advances costs £94 million a year from cash flows.

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TWEFFICAN	MICH POR	jemen	.	

Interim Dividend The Company has declared an Interim Dividend of 5.4p per share net of tax credit (1983 4.7p per

share), an increase of 15%.

This Dividend will be paid on 23rd November 1984 to all Shareholders on the register at the close of business on 25th October 1984.

Trend of Business

The first quarter of the year showed substantial growth over the corresponding period of 1983, whilst the second quarter's production, following upon removal of LAPR, was at the same level as that in the second quarter of last year. The resulting figures are shown in the above Table (which was released on 17th July 1984).

The more difficult market for life assurance after the removal of LAPR continued into the third quarter,

with total production at a significantly lower overall level than in the third quarter of 1983. Within this, whilst life assurance products showed a considerable fall, pension products showed a substantial increase.

INCREASE 1984 OVER 1983

28%

05

142

It is anucipated that production for the year as a whole will be at a similar level to 1983. As we have mentioned in previous statements, the surplus in any one year is determined by a large number of factors, including production for the year and the mix of new business by product. In the absence of unforeseen circumstances, it is anticipated that there will be a significant increase in the Group's.

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

The popularity of President against 42 per cent unfavour-Ronald Reagan has helped to able. secure a fundamental national About one third of all re-shift to the Republican Party, spondents said their opinion of putting it level with or even slightly shead of the Democratic party for the first time in many years, according to a New York Times/CBS news poll published

yesterday.
Mr Robert Teeter, a leading

In the poll, taken immediately after the U.S. election earlier this month, 32 per cent of the general public, voting and non-voting, said that they were Republicans and 32 per cent Democrats. But when independents who "leaned" one way or the other were added, the total for the Republicans rose to 47 per cent, against 44 per cent for per cent, against 44 per cent for the Democrats.

Whila the Republican lead was within the margin ol sampling error, the Times/CBS pollsters said that never before in the nine-year history of the poll had more respondents identified themselves with the Republicane than the with the Republicans than the Democrats. The Democrats have been considered the

majority U.S. party for the past half century. In addition, 60 per cent of the public expressed a favour-able view of the Republican Party, while only 31 per cent held an unfavourable opinion. For the Democrats, the result so-called Accelerated was 47 per cent favourable Recovery (ACR) system.

one-time Democratic presiden- by Sr Daniel Ortega, Nicartial candidate, is to conduct a aguan President-elect. Mr Jack-

tall candidate, is to conduct a aguan President-elect. Mr Jackfact-finding mission to Nicaragua next month and urge the
Sandinista Government to refrain from warlike actions that
might provoke the U.S., AF
reports.

Mr Jackson said he was aguan President-elect. Mr Jackson, who has said he believes
a U.S. attack on Nicaragua is
"imminent," said he hoped his
trip would convince President
Ronald Reagan's Administration "to turn its ettention to
peace rather than to war."

conviction of terrorist

Argentina

seeks early

THE ARGENTINE GOVERN-

ment is hoping to secure an early conviction of ictrorist

key witness for the prosecu-

Mr Graham-Yooll, formerly

of the Gnardian and now a deputy editor of South Maga-

nine, claims to have been pre-sent at a press conference given by Sr Firmenich in 1975

during which the leader of the outlawed Montonero orga-nisation released business-

man Sr Jorge Born in return

for a ransom payment esti-mated at over \$60m (£50m).

vited by the Argentine Gov-ernment to attend the trial.

He is believed to be the only surviving witness to the re-

lease of Sr Bern, for whom he acted as intermediary. His evidence is considered cucial.

understood to be anxious to convict Sr Firmenich as soon as possible to effect mounting

military criticism of what is alleged to go a one sided judgment on the human rights issue.

Sr Firmenich is held re-

sponsible for the upsurg of terrorist activity in Argentina which preceded the 1976 coup, for the murder of busi-

Mr Graham-Yooll was in-

ment is noting to secure an early conviction of terrorist leader Sr Mario Firmenich, who has been charged with murder and kidnapping, following the arrival here over the weekend of Mr Andrew Graham-Yoolt, a British journalist who has become a key witness for the prosecuthe Republican Party had improved in recent years, mainly because of the economic

One quarter of those polled said that their view of the Democrats had worsened citing party ideology, internal dis-Mr Robert Teeter, a leading Republican pollster, called the development "a major political realignment." He odded however, that the permanence of the movement would depend on future Republican behaviour, particularly after Mr Reagan leaves the White House and the party's success in coping with ruming mate, and former its internal differences on social president Jimmy Carter.

The poll said that them vice.

Democrats had worsened citing party ideology, internal disturbly remoteness from people and individual leoders including Mr Walter Mondale, the loser in this month's presidential party's success in coping with ruming mate, and former president Jimmy Carter.

The poll said that them vice.

The poll said 58 per cent believed Mr Reagan would avoid a recession in the next avoid a recession in the next four years. The same percen-tage thought he would make a real effort to cut the federal hudget deficit. However, 57 per cent said they expected him to osk Congress for a tax increase that such a step would be taken

As Mr Reagan's advisers continued thrashing out hudget plans for next year, and proposals to simplify the tax system due to be annoonced next month, the White House insisted that Mr Reagan's goal was still to balance the budget by the

scal year 1989. Other Administration officials hove spoken of a deficit of between \$100bn (£83bn) and \$150bu in fiscal 1988.

nessman Sr Francisco Soldati, and for the attempted assasi-nation of former Foreign Under Secretary Sr Juan Treasury officials are studying possible changes in the accele roted depreciation provisions for husiness investment, the

In October the terrorist leader was extradited from Brazil where he had been living in exile with his wife **Jackson heads for Managua** and two children.

Mr Graham-Yooll flew from London to Madrid under Spanish police protection on Saturday and then to Buenos Aires under Argentine police

While in transit at Rio de Janeiro Airport, the journa-list was forced to change planes after being subjected. to a death threat.

Paul Taylor in New York reports on two landmark libel actions

Generals do battle with the Press

have launched new "campaigns" in the same downtown Manhat-tan courtroom. But this time tha "enemy" is neither the unseen guerrilla fighter nor the ter-roristbut two batallions from the massed ranks of the power-ful U.S. media.

The two men say they are fighting to regain their military honour. To achieva that they have brought milestona libel actions against two major U.S. news organisations.

Retired General William Westmoreland, the 70-year-old former commander of U.S. troops in Vietnam, is suing CBS one of the three U.S. television networks, for \$120m (£95m). A few floors up in the General Ariel Sharon aged 54, who was Israel's Minister of Defence during the 1982 invasion of Lebanon, is suing Time Magazine for \$50m.

Reporters from across the U.S. and around the world have gathered for the trials and the court Press corps has swollen from just o handful to more than 100. At the entrance to the two courtrooms where the trials are tables and distance the trials are tables and distance the trials. trials are taking place addi-tional metal detectors have been set up and special passes have been issued. Ralf of the seating space has been reserved for the Press—much to the chagrin of other members of the public who start queueing for seats about 45 minutes before the cases are scheduled to begin.

In Westy's case, as General Westmoreland's suit has already become known his wife, Ritsy, sits quietly embroidering as her husband answers the questions of his lawyer in a firm, gravelly voice. Upstairs Mr Sharon's

voice, equally powerful, resounds with emotion as he accuses Time of a "blood libel." To the casual observer the two cases, which are taking place purely coincidentally at the same time, provide many striking similarities—and many differences

General Westmoreland is suing CBS over the contents of a 1982 documentary called a 1982 documentary called,
"The uncounted enemy, a Vietnam deception," In particular
the former General says allegations that he was involved in a
"conspiracy" to cover up the
real strength of Vietnamese
forces are false.



suing Time

he ever ordered intelligence officials to lower their estimates of enemy troop strength or placed a "ceiling" on these estimates. Usually he answers questions in a steady determined voice—occasionally inmined voice—occasionary in-troducing a note of wit. Asked if he ever told his intelligence chief that new figures for enemy strength contained in a report would he "a political bombshell," he replied, "I'm confident I did not use those

my lexicon." Mr Sharon is suing Time over a 1983 cover story which sug-gested he helped plot the 1982 massacre by Christian Phalan-gists of Palestinians near West Beirut in which more than 500 refugees died. .

Mr Sharon, now Minister of Industry in the Israeli Govern-ment, was forced to resign as Defence Minister after an Israeli tribunal held him "indirectly responsible" for article claimed a secret section of the tribunal report details a meeting Mr Sharon had during which be allegedly discussed the need for revenge with the family of assassinated presi-dent-elect Bashir Gemeyel, Like General Westmoreland, Mr Sharon has flercely denied tha

Both men are backed by powerful lobhies. Mr Sharon by the Israeli Government details of the secret section of witnesses Time lawyers songist to attend the trial. General Westmoreland



represented by the aggressive Mr Dan Burt, the president of the Washington based Capital Legal Foundation, a conservative public-interest law firm. Although the Ceneral has spent over \$30,000 of his own money on the case much of the funda have come from other sources including right-wing radical foundations, Vietnam veterans and a handful of major IIS. and a handful of major U.S.

The funding for the trials has led some observers to suggest other motives behind the cases. The Westmoreland case in par-The Westmoreland case in par-ticular is seen by some libel lawyers as a direct attack on the almost unbridied freedom of the Press in the U.S. to criticise public officials. Others allege Mr Sharon, who has mortgaged his home to help pay for his case, must clear his mortgaged his nome to help pay for his case, must clem his name in the courts if he is ever to stand a chance of becoming Israel's Prime Minister.

As Mr Henry Grunwald, editor in chief of Time, noted in a public speech late last week, it is significant that several right wing activist groups have been set up to finance libel-litigation against the Press for political reasons. The head of one of these groups, Dan Burt, who is conducting the case against CBS, says quite openly. We are about to see the dismantling of a major newspersork."

At face value the trials are about the reputations of fight-ing men. They are, however, also about the reputations and powers of the U.S. media.

"fair game "for criticism, how-ever aggressive, Many U.S.

presidents have been called names. George Washington a murderer, Thomas Jefferson an insane knave and Ulysses Grant

A pace-setting libel action against the New York Times in 1964 established the basics of current U.S. libel laws by ruling that a public official can only win a libel suit by proving that a defamatory falsehood was published with the know-ledge of its falsity or a reckless disregard for whether or not it was false. That is what the two nerals must prove.

at as highest—and at a time when the number and size of successful libel actions against the Press is increasing Before 1980 only one \$1m verdict against a news organisation had been recorded. Since 1980 there have been 20 such verdicts.

What is more Mr Grunwald noted that the Press had lost noted that the Press had lost over 50 per cent of recent libel actions that want to trial. The awards in these cases averaged 52m and sometimes reached \$40m. Although many of these verdicts have been reversed on appeal the cost of such litigation is becoming an increasing burden to small publishers in the U.S. The result according the U.S. The result, according to Press executives and libel lawyers, is an added caution in deciding what is printed and more out-of-court settlements. "We must not allow. libel itself to become a weapon against the Press," said Mr. Grunwald, "the damage would

be not to the Press only, but to the country and to those who, rely on us to tell the truth." In the latest two cases the verdict, as always, remains with the jury in both the Press lawyers, from the same New York firm, appear to have been successful screening out those seen as potential sympathisers The jury in the Westmoreland trial contains no Vietnam or close relative who died in the war. The Sharon jury reportedly has only one person who might be Jewish.

In the U.S. media. What is also already clear have generally been considered the cases are likely to both of fair game "for criticism".

Royal Bank of Canada to pull out of Guyana

THE Royal Bank of Canada is to halt operations in Guyana at the end of this month and pass its assets of about G\$15m (£2.92m) to the Government of

Guyana for the nominal sum of The decision is understood to have been taken because of difficulties about the remittance of profits from the country. The bank has had no remittances from Guyana for three years. It is expected that the bank will be given permission to remit some profits as part of the final arrangements for the pull-out which are still being negotiated.

The Guyanese Government already owns one bank the National Co-operative. The Royal Bank's operations are nevertheless expected to be carried on as a gong concern by a new company in which the Government will maintain a majority and in which a minority of shares will be offered to the public.

The Royal Bank, which bas been operating in Guyana since the beginning of the century, once had a network of more than a dozen branches in the

It now has only one branch which employs 280 people in Georgetown. Meanwhile, there are continuing reports of the forthcoming merger of Guyana's ruling People's National Congress of President Forbes Burnham with the Moscow-line People's Progressive Party of Dr Cheddi

Last week Sr Isidoro Mal-mierca, the Cuban Foreign Minister, completed a five-day visit to Guyana in which he emphasised the strong links between the Havana and George town governments.
Cuba has sent several dozen teachers and doctors to Guyana

as part of its foreign aid pack-age for the republic. The Guyanese dollar is now subject to a weekly "crawling peg "adjustment. Over the past peg adjustment. Over the past 12 months its value has fallen from G\$3 to the U.S. dollar to G\$4.15. The Guyanese dollar changes hands on the free market at the rate of about 10 to the U.S. dollar.

WORLD TRADE NEWS

Third World set for big rise in car sales

BRAZILIAN car exports are per annum.

likely to double in the next six years with many going to the points out that Brazil supports. distribution networks of General Motors, Ford and Fiat in Western Europe, according of the invoice price. The Inter-to the latest forecasts from the national Monetary Fund bas

DRI Europe group. The forecasters also suggest that South Korea looks set to become the only major car exporter in South East Asia following the delay to Taiwan's expansion programme because of failure to work out a deal with Toyota of Japan.

According to DRI, Brazilian car exports will be about 175,000 this year (up from 139,000 in 1983) and rise to 272,000 in 1991. This will belp Brazil's car output rise to British levels again by 1989— about 1m a year—while exports will outpace those from the UK which are predicted to remain stubbornly at around 220,000

tax amounting to one quarter said this must end in mid-1985, but the forecasters expect the system to be replaced with an alternative, "as exports are considered crucial to improving Brazilian economic perform-

Currently Ford is sourcing Escorts from Brazil for sale in the Scandinavian countries, Austria and Switzerland; Fist supplies the 127/147 and the Uno to Western Europe while GM is soon to start exports of the "J" car (sold in Europe as the Opel Ascona/Vauxhall Cavaller) to the Scandinavian

CAR PRODUCTION AND

Brazil South Korea

is about to complete the fifth loss-making year in a row, and

markets.
DRI points out that the Western European car industry 57 122 158 398 15 16 42 206

tha European Commission's efforts to bring price harmonisation to the Community will cut revenues. in the UK and Italy—even if the overall move-

the companies based in Europe, 9.58m respectively. DRI warns.

(Thousands)
1980 1981 1990 The West European industry
1978 772 734 1,120 as a whole is "at an unstable
130 139 175 255 juncture" and only a rapid revival, perhaps taking the rise more strongly, from market to 11.5m to 12m cars in 1985 to 8.23m in 1990. ("a result we do not expect") could restore the equilibrium, DRI suggests.

DRI expects Western Euro-pean car demand to rise from around 10.24m this year to 10.4m in 1985 and top 11m for the first time in 1989.

European car production in the same period is forecast to rise from 9.25m this year to 9.49m next year and to over

pean, sourcing and lead to a reach 12.66m by 1990. Output wave of "captive" imports in that region for the same from non-European sources by years is put at 9m, 8.64m and

DRI warns

Japanese car sales stiouid be

The West European hodusby little changed at 225m next
as a whole is "at an unstable year and be about 3.6m in 1990,
uncture" and only a rapid whereas output is forecast to rise more strongly, from 7.44m

DRI says that South Korean cars are likely to take over the ground increasingly being given up voluntarily by the Japanese as the Japanese move up market By offering "cheap, well-equipped but uninspiring vehicles." South Korea could in 1984, including exports of 42,000, to 398,000 by 1990, in-cluding 206,000 for export.

ment of prices in Europe might be neutral.

This might undermine commitment to local, even Europe might be neutral.

North American sales are Report ** 1900 from DRI, 30, old Queen Street, London SWIH 9HP.

Pirate music tapes seized

music cassettes has been acored by the International Federation of Phonogram and Videogram Producers (IFPI) in Lagos,

Nigeria. In a raid on a cargo ship from Singapore, IFPI officials were able to intercept a load of 200,000 counterfeit music cassettes with a street value of slm. The container load of cassettes had been faisely described as blank tapes. On inspection, however, they were found to contain a large num-ber of illegal recordings by such diverse groups as Boh Marley, the Beach Boys and the Chicago Symphony Orchestra. The seizure is the second of its size in two months. Last month, a similar load of counter

The British Export Credits Ginarantee Department has guaranteed a £15m credit line which Lloyds Bank Export Fin-ance has made available to The Bank for Foreign Trade of the Soviet Union, with the assis-tance of a finance contracts (overseas banks) endorsement to their basic ECGD insurance policy, our Trade Staff writes. The loan will help finance supply of UK capital goods and ser-

Nigerian music market, which is the largest in Africa.

Portuguese. By Diagra Smith in Lisbon trade division of the U.S. re-tail company, has agreed to provide technical expertise to

to boost

SEARS WORLD TRADE, the

Sears acts

Portuguese manufacturers as a way to build up experts to U.S. and other markets of a range of Portuguese products. Under an agreement spon-sored by the Industrial Association of Oporto, the hub of Portuguese private in-ustry; the Sociedade Portuguesa de Investmento (SPI). an investment company con-trolled by Portuguese manufacturers; and the Portugese Trade Ministry; Sears has be-

Trade Ministry; Sears has begun a four-month programme where American specialists are helping selected Portuguese companies to improve design, quality control and productivity.

Once expertise is absorbed the companies are expected to be able to sell more on North American markets. North American markets where, in principle, Sears would handle their products. The aim is also to penetrate other non-European international markets.

national markets
To limit costs borne by
participating companies, the
Trade Miloistry constributed
\$65,000 (£52,000) and the U.S.
Agency for International Development (AID) agreed to
match this sum. These contributions cover a quarter of
all costs. Sears gave a 25 percent discount on its price.
SPI and the Operto Industrial
Association gave counselling Association gave counselling and other services free of and other services tree or charge feeling that the pro-gramme is a unique oppor-tunity for Portuguege com-panies with export potential to be more competitive. The 23 selected companies make textiles and clothing,

make textiles and clothing, footwear, cork, wood products, furniture and ceramics. They employ 12,000 workers and in 1983, achieved Esc 31bn (\$186m) in domestic and foreign sales.

In 1970, 13 per cent of Portugal'e exports went to the U.S.; in 1983 only 6 per cent went to the U.S. O Comphanhia Metalurghica. Nacional, the major metalingical company that sells

inrgical company that sells more than 55 per cent of its \$20m annual output abroad, has inaugurated a \$57m stee foundry partly financed by World Bank loans.

With an annual capacity of 10,000 tonnes—the largest of its kind in Portugal—of steel castings, the new foundry is expected to sell 60 per cent of its output abroad.

U.S. eases curbs on high technology exports to India

BY JOHN ELLIOTT IN NEW DELHI

A MEMORANDUM of under- for computers in the mid-1970s.

use. But the agreement also fields as part of a \$200m a year covers defence sales and might electronics barter trade deal. be used for export of radar, air navigation systems and other military equipment.

For the past three years the U.S. has been blocking sales of some computers and other potentially sensitive technology to a variety of countries. Indichas been specially hard hit because the U.S. had been worried about computers being used for research into nuclear

while the blocking of U.S. exports has aggravated both American suppliers and Indian customers, only 10 computer sales have been specifically refused since the beginning of 1982 during which time 1,540 bave been approved, according U.S. government figures. I.S. government figures.

A MEMORANDUM of understanding assed at easing the export of computers and other high technology equipment and know-how from the U.S. to India has been initialled in New Delhi after talks lasting more than a year between the two countries.

Most of the exports and technology transfer agreements in volved are expected to be electronics, items for civilian use. But the agreement also covers defence sales and might.

U.S. companies such as IBM. which is starting to bid for con-tracts in India for the first time since it closed its local operations in 1977, are believed to have lobbied the U.S. Government to come to some broad understanding with India. They were impatient with the U.S. Government's ad hoc approach to individual sales.

weapons and technology being allow the sale of a \$5m IBM computer for an internal in computer for an inter-city com-puter network called Indonet to go ahead.

It also specifically clears the way for two technical collaboration projects—a silicona manufacturing plant for which Hemlock Semiconductors (part of Dow Chemical) is the likely U.S. government figures.

The deterrent effect, however, has been greater. The U.S. supplied about 90 per cent of U.S. is bidding against Bull of India's relatively small demand

E. Germans increase sales in West German market

BY LESLIE COLITT IN BERLIN

EAST GERMANY increased destates the Eastern Board of liveries to West Germany by West German Industry 14 per cent to DM 5.8bn said the recent DM 500m (£1.55bn) in the first nina deal between Volkswagen and months of the year, while West East Germany to produce engines there was an example of (£1.55hn) in the first nina deal between Volkswagen and months of the year, while West East Germany to produce engerman sales to East Germany gines there was an example of fell 15 per cent to DM 4.7bn. co-operation between East and year is expected to reach or ax should be expanded. ceed last year's level of DM 15.2bn.

Herr Otto Wolff von Amer-ongen, head of the West German Chamber of Industry and Trade (DIHT), said these resuits showed East Germany had skilfully exploited a market situation in West Germany where imports from the dollar erea have become more expen-

Herr Wolff said he was opposed to U.S. efforts to expand the list of strategically important products which could not be sold to Comecon coun-tries. The list is controlled by the Paris-based Co-ordinating Committee (CoCom) on strategic exports. He cited competitive reasons behind Washington's denial of high technolgy In an interview with the East products to Western European countries out of fear they would German news agency, Herr countries out of fear they Wolff, who also heads be passed on to Comecon,



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Egypt starts drive to sell more arms to other Arab countries

BY TONY WALKER IN CAIRO

the prospect for new markets for Egyptian-produced equip-

the Italian and British Defence Ministers also underscores Egypt's interest in extending co-production and subcontracting arrangements in the defence field with European countries.

Egypt now ranks in the top ten by voluma among the world's arms sellers dna largely to the Gulf war. Military sales last year totalled some salm and as part of its drive to increase that business, Egypt recently mounted an inter-national military exhibition of

Several new Items of locally manufactured equipment were unveiled, among them equipment manufactured by Egypt. These included a radar-controlled integrated air defence incorporating an armoured vehicle, a 23 mm gun and an Egyptian version of the Hawkeye surface-to-air-missile. Egypt also exhibited a 130 mm field gun, believed by defence attachés to be a copy of e large Soviet piece, and several versions of a 122 mm self-pro-

of State for Military Industries, recently called on Arab countries to co-operate in military production. He speculated that if there was such co-operation It would be possible to produce the first Arab fighter aircraft

and tank.
Military attaches in Calro see his remarks as part of a general invitation to countries like Saudi Arabia to resume cooperation in defence production with Egypt, shandoned when Cairo signed its peace treaty with Israel in 1979.

Gulf states including Saudi Arabia, Qatar and the United Arah Emirates were involved with Egypt in military co-production as partners in the Arab Organisation of Industry (AOI), whose factories have been kept operating despite the Arab hoycott. Before the boycott some \$1.4bn was invested in new defence industries under the defence industries under the

Egypt's defence exports are mainly small arms and ammunition plus soma re-exports of Weslern equipment, about 80 per cent of military exports are believed to bave gone to Iraq in the past several years. Egypt has has made it clear it would

EGYPT is engaged in a determined drive to increase military sales as improved relations with moderate Arab states holds out to state the moderate the moderate the moderate the moderate the moderate

Cairo has been particularly active in recent months in try-lng to promote defence co-production and assembly. On a visit to France earlier this year, Feild Marshall Ahn Ghazala, Egypt's defence minister, secured an agreement in principle for the assembly of part of the Mirage 2000 in Egypt, beginning next year. Egypt has also approached

several countries over the co-production of a tank to replace its ageing Soviet T54s and T55s. Military attaches see this as a priority. Possible Italian assistance in tank co-production was discussed during the recent visit to Cairo by Mr Giovanni Spadolini, the Italian Defence Ministar. Egypt is also helleved interested in the American M-1 tank as a possible replacement. its ageing Soviet T54s and T55s tank as a possible replacement for its Soviet models. Field Marshal Abu Ghazala has also announced that the Egyptian Cabinet had

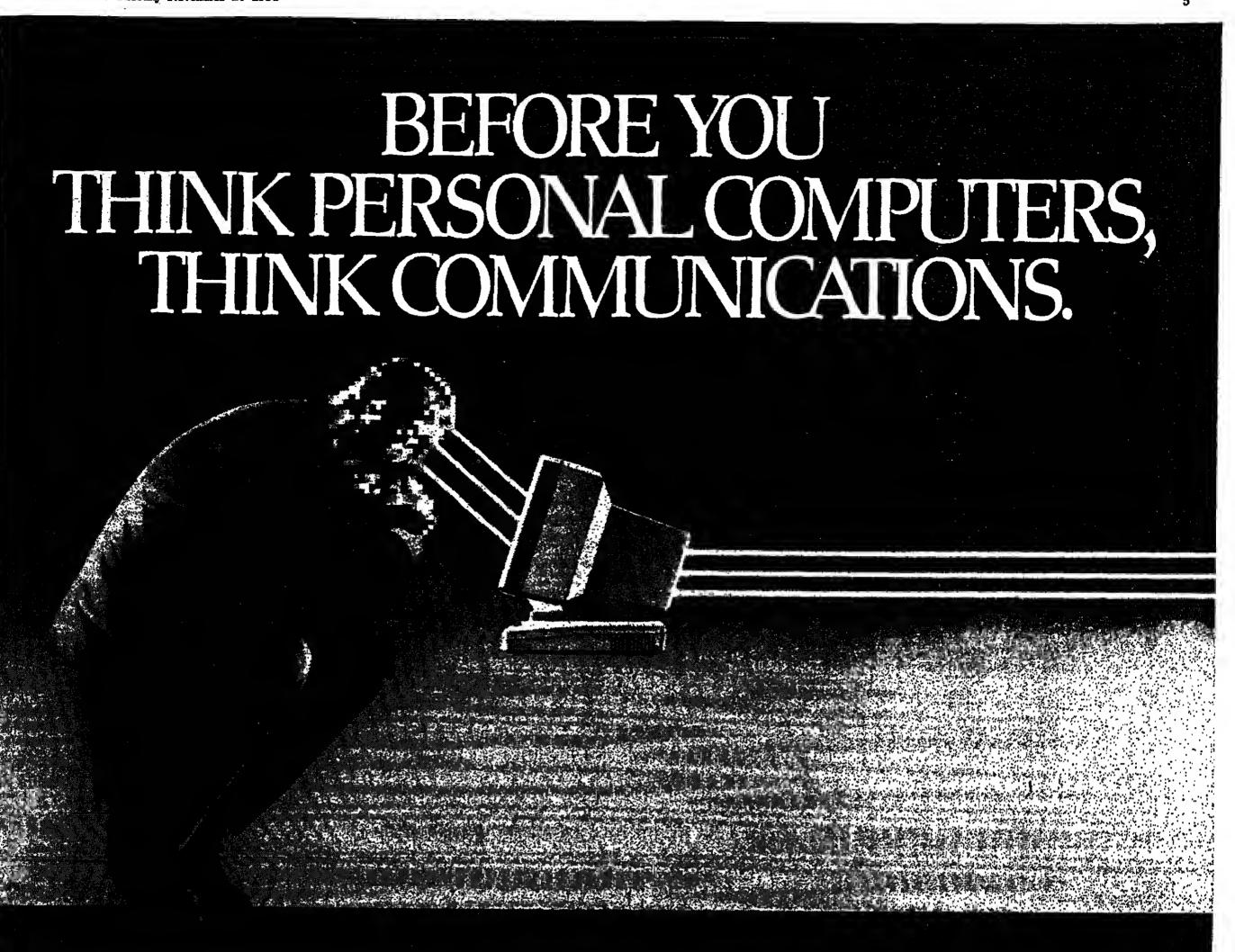
approved a tank building pro-lect, code-named Project-2000, in which more than \$700m is to be invested.

But Western military experts say that while the Egyptian De-fence Minister is talking about a fully "bome-grown" product, it is unlikely such a tank would pelled gun being developed in like to extend military sales to be built without foreign evom-co-operation with Britain and such items as training aircraft. ponents and foreign technical the U.S. In all some 177 exhibi-

By Carla Rapoport
AN IMPORTANT breakthrough
in the battle against counterfeit

feit cassettes was seized in the West African republic of Benin. Pirated cassettes account for about 80 per cent of

Soviet loan guaranteed vices, and exporters will receive 85 per cent of the value of eligible contracts direct from the loan.



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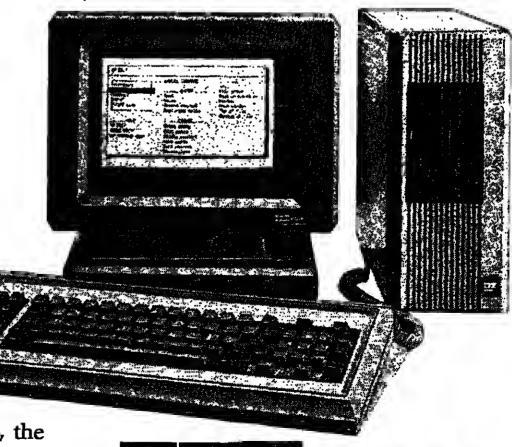
The built-in communications and five expansion slots mean direct access to other micros, mainframes and networks; plus worldwide electronic mail, access to Videotex systems, such as Prestel, and, in the near future, simultaneous voice and data transmissions.

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ITT XTRA, the professional communicator.



LLL'LXTRA,
PERSONAL COMPUTER

THINK COMMUNICATIONS, THINK ITT XTRA.

Film industry restructuring plans attacked

BY KEVIN BROWN

ture the film industry were criti- from the abolition of "tiresome bucised by MPs on both sides of the reaucratic restraints" on film pro-House of Commons yesterday. A duction and distribution. number of Conservative MPs joined the Opposition in claiming that the placed by a private sector company Films Bill, which sweeps away most which would receive £7.5m from the Films Bill, which sweeps away most of the legislative framework of the Government over 10 years and industry, fails to provide for ade-would bring a "keener commercial quate future finance.

The Bill abolished the levy on cinema admissions, which helps finance film production. It also ends the quota system for foreign films, the requirements to register films and license cinemas, and restrictions on advance booking.

Several Conservatives clashed with Mr Norman Lamont, the Industry Minister, over the future of the National Film and Television School and the National Film Finance Corporation. Others called by television companies, to replace

the Eady Levy.

Opening the Second Reading debate on the Bill, Mr Lamont insist- its and subject itself to the presed that the industry had "impres- sures of the market place.

GOVERNMENT PLANS to restructure sive strength" and would benefit

The film corporation would be reedge" to its operations. He said the Government had also decided to add repayments of principle and in-terest to the value of the corporation's portfolio of rights in about 800 British films which is to be transferred to the new company.

erating capacity of the portfolio from £200,000 a year to some £600,000, and would give the new company an annual income of nearly £3.75m - more than twice that of the corporation.

Mr Lamont said the film industry was a commercial undertaking which would be healthy and pros-perous only if it was able to attract private investment on its own merWOMEN SEWING MACHINISTS WALK OUT OVER 17-YEAR-OLD REGRADING CLAIM

Strike halts all Ford output

BY DAVID BRINDLE, LABOUR STAFF

lay off of 8,000 assembly workers.

The women, who make seat covers and headrests at the Dagenham (near London) and Halewood, Liverpool plants, voted yesterday to stay on strike indefinitely in pursuit of a 17-year-old claim for re-

The same claim caused a threeweek strike in 1967. That strike was ended following intervention by the

A STRIKE by 270 women sewing machinists has halted all Ford car production in the UK and led to the machinists. As the UK and led to the production in the UK and led to the machinists has halted all Ford car without completed with the company to discuss the being no room at either plant to stockpile cars without completed

The women walked out last Thursday, the day of the last round of Ford pay talks, in crotest that their claim had once again been rejected this year in the grading Union Act 1984, Ford said last night grievance procedure which pre that the ball was in the union's cedes the annual pay negotiations. Court.

Their votes yesterday to stay on strike surprised Ford, which had expected them to return to work on Dagenham plant and 4,400 at Halethe basis of a request by their wood. Production of 4,500 vehicles then Labour government and the union, the Transport and General with an estimated showroom value

Although the strike is unofficial and there have been no strike ballots under the terms of the Trade

The company said that by today there would be 3,600 lay offs at the

unholstery.

The women maintain that their job is skilled enough to warrant payment at Ford's Grade C rates. worth £127.18 a week plus £7.97 attendance bonus, rather than their present Grade B, worth £121.33 plus

They say they were placed in the wrong grade when Ford set up its five-grade scale in 1967.

Austin Rover delays action against union

BY ARTHUR SMITH AND RAYMOND HUGHES

AUSTIN ROVER, BL's volume car subsidiary, denied last night that a delay in its High Court ac-tion for contempt against the Transport and General Workers' Union (TGWU) marked any

weakening of resolve.
"There is no possibility of us backing off in any way whatever," a senior executive said. The action against the TGWU would go shead next Monday regardless of the outcome of the

on developments in the High Court after a day in which it claimed the pay strike by manual workers was crumbling rapidly. More than 15,000 of the 28,000 strikers were already back at

The strike, now into its third week, is confined merely to the big assembly plants at Long-bridge, Birmingham, and Cowley, Oxford. At Longbridge, Austin Rover said about 3,200 work-

ers - more than half the normal day shift - crossed picket lines and limited car assembly had

In the High Court Austin Rover was seeking damages against those unions which had not rejected the strike in line with an injunction granted two weeks' ago under the new Trade Union Act.

Mr Alexander Irvine, QC, for Austin Rover, said that although the TGWU was clearly in con-

tempt of court, and had adopted a stance of being above the law, the company wanted to adjourn its case against the union for a further week and put in more

The case against three other unious at Austin Rover was dropped. All three, the court was told, had "disavowed" the strike and Austin Rover was content that the injunction against them should be cancelled.

Currys plans share capital manoeuvre to fend off Dixons bid

BY CHARLES BATCHELOR

The aim is to allow shareholders offer to shareholders.

to benefit from the value of Currys'

Dixons' shares fell 5p to 379p on the London Stock Exchange yesterday to value its offer for Currys at 480p per chare - 142 years than - 142 y

by breaking up their own company.

They will be liquidating assests and interim dividend of 7.4p net for the 39 weeks to October 24 1984, making on are publicly recognizing their own inability to obtain a proper return on them.

er return on them. This is The basis of Currys' plan, devised full year by its merchant bankers, S.G. War-

CURRYS, the electrical retailing burg is a revaluation of its portfolio group, is planning to reorganise its of properties which is said to be share capital in a final attempt to worth £134.4m, or 285p per share. fight off the £233m (\$293.5m) take— This represents an increase of 61p over hid from its competitor Dixons. per share on a valuation carried out in an unusual manoauvre Currys by the Currys board last January.

will offer existing chareholder 150p Currys plans to sell and lease cash and one share in a new compa- back about £85m worth of its prony, Currys Holdings, for every perties in raise – after tax and other share they hold in the existing costs – most of the 77im it will need to finance the 150p per share cash

chain of more than 520 shop properties, while allowing them to retain their stake in the group's operations.

Paying remi on these properties will cost the company an extra tain their stake in the group's operations.

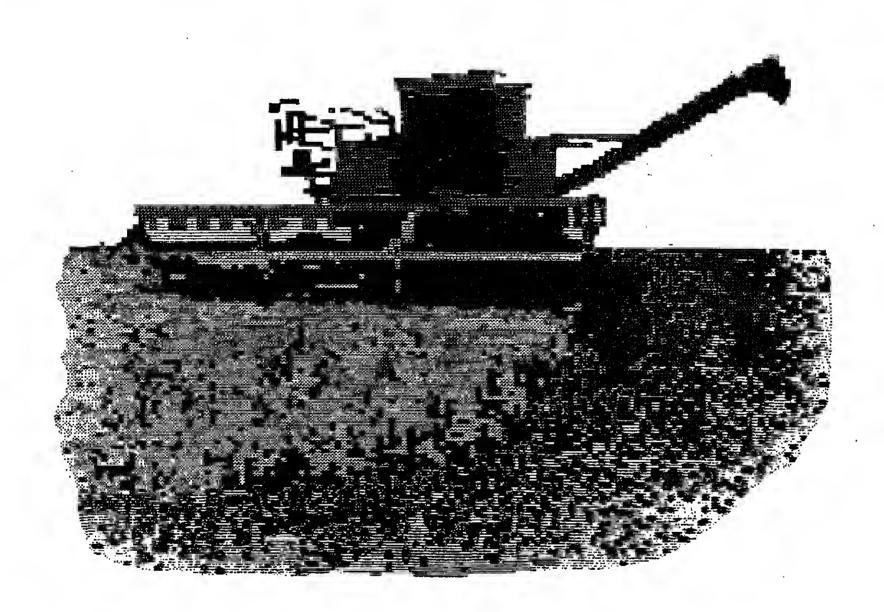
day to value its offer for Currys at 489p per share - 14p more than Currys market price, which fell 11p to the close.

Morgan Grenfell, Dixons' menchant banking adviser, said: "We chant banking adviser, said: "We see this as a last desperate attempt by Currys' management to survive the year ended October 24 1884.

Currys' intends to pay a second

Lex, Page 22

British farmers trust Shell oils



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GDP level 'Poisoned' unchanged | Mars Bars in quarter

By Mex Wilkinson, Economics Correspondent

NATIONAL output was almost un-changed in the third quarter of the year and has not grown since the group which claimed at the week-autumn of 1983, according to the autumn of 1983, according to the poison some chocolate Mars Bars basest official figures published yes

They showed that the index for gross domestic product (GDP) as measured by data for output was it had organised the hoan to stop the sale of the bars because of the Mars ter. This was the same as in the alleged involvement of the Mars fourth quarter of 1983 but 1 per cent confectionary company in animal more than in the corresponding period 12 months ago.

The output measure is one of three different ways of estimating GDP and has traditionally been considered the most reliable for identifying short-term movements. In recent years substantial discrepancies have opened up be tween the three measures—the other two are the estimate of total national income and national expendition. tional income and national expendi-

GDP, national income is now re- GUINNESS PEAT, the financial corded as being 8 per cent more than it was in 1980 in real terms, The Treasury, which forecests on the basis of the average of the three estimates for GDP, is predicting that GDP this year will be 2.4 per cent higher than the average for last year.

Profit-making BS shipyard to be sold

By Andrew Fisher, Shipping Correspondent

FALMOUTH SHIPREPAIR is about to become the first profitable yard in the state-owned British Shipbuilders group to be sold to the

The name of the new owners, with a local buyout by directors and workforce a strong possibility, might be announced this week. The sale will be discussed with unions tomorrow.

tomorrow.

Past BS yard sales have all been of loss-makers, notably the Scott Lithgow offshore construction yard on the Clyde, sold in March. VO Offshore, sold to John Brown Engineering, was a profit-maker, but the yard was involved in consultancy, and was involved in consultancy, and the said the move represented part of a routine monitoring process that took place once an issue had been studied by the Monopolies and Mergard was involved in consultancy, and the brick industry for some time.

In 1976 the Monopolies and Mergard Commission ruled that London not manufacture

claimed to be hoax

THE MILITANT animal rights

experiments. Mars said yesterday it had terminated its support for this

Mr David Mellor, Home Office minister, said that even if the poison scare was a hoax, every effort would be made to bring a prosecu-

Although in theory all three "uses and abuses animals." services group, is to reorganise ac-tivities in moves which have led to the announced resignations of the

chairman and chief executive of the group's merchant banking subsidiary, Guinness Mahon. Mr Richard Fennells, 41, the executive of Guinness Mahon, a posi-tion he has held since 1981, is re-signing from the group and bank boards at the end of the year. Mr Albert Frost, 69, who joined as nonexecutive chairman of Guinness

Mahon a year ago is resigning from the group and bank's board at the end of November. Next year Guinness Peat intends to rationalise what it describes as its "increasingly close co-operation between its merchant banking sub-sidiary Guinness Mahon and a number of investment banking activities now developing under Guin-ness Peat labels."

ers Commission ruled that Londo One potential bidder, Tyne Ship-repair – itself privatised early this year – has declined to put in a firm offer, because it said not enough information had been made available.

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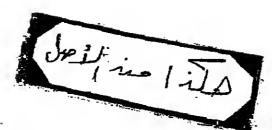


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BSC satisfies demand despite **EEC** quotas

BY IAN RODGER IN LONDON

THE BRITISH Steel Corporation (BSC) would be well ahead of its target of breaking even on trading this year were it not for the UK miners' strike, Mr Robert Haslam, the chairman, indicated yesterday.

The UK market had showed a "marked improvement" in the first half, and BSC had succeeded in maintaining production despite dis-ruptions to raw material deliveries caused by miners' pickets.

BSC had also managed to satisfy all its customers' needs "despite dif-ficulties in respect of the EEC quota system." Mr Haslam said in a stateent three days before European Community industry ministers are due to meet in Brussels to review

BSC has been arguing for an increased production quota from duce a near break even result after meeting interest payments in the productivity dramatically, but it first half of the current financial wants the Commission to continue year.

to restrict excessive output by other EEC producers.

Mr Haslam said that he expected positive market trends to cootinue next year, but "future results will depend heavily on European quota arrangements holding against the threat of price degeneration, he

He added that BSC was "deter mined to maintain its drive" to comply with the EEC-imposed deadline of heing free of state aids by the end of 1985. Some other EEC producers are seeking extensions of the deadline.

The costs of countering the miners' initiatives against BSC were running at £3.5m to £4m (\$4.4m to \$5m) a week. If these costs were excluded, the corporation would pro-

Coal board again claims 'best day yet'

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE MINERS continue to surge back: the National Coal Board (NCB) can once again claim to have notched up its "best day yet" for men abandoning the 36-week strike and for attendances at pits.

The board's final total of "new faces" on vesterday's morning and afternoon shifts was 2.282. There were men working at 140 of the board's 174 pits (eight more than last Friday) and those not oo strike now represent about a third of the 180,000 workforce. In the 11 working days since the drift back to work shifted to a higher gear on November 5, some 9,500 miners have reported for the first time.

The NCB's regional officials are mostly jubilant. In the North-east of England, they expect 2,000 "new faces" hy the end of the week. in the Western area, officials say that the Lancashire field now has more men working than striking. In North Derhyshire, the board claims that one third of the miners are working and it expects to reach the 50 per cent mark well before Christ-

The rate of increase is also an important factor. As comparison of the

Area	Men returning yesterday	Total at work	Total miners	Per cent working	Per cent working a week age
Scotland	255	1,258	10,000	12.5	6.7
North-east	546	1,522	20,300	7.5	1.6
Yorkshire	521	1,785	53,000	3.4	1.1
Western	310	10,700†	14,000	76.4	68
N. Derby	361	3,519	10,500	33.5	23
Kent	31	97	2,200	4.4	2.4
Warwicks	22	3.950*	4,400	90.0	89
South Wales	7	84	19,600	0,4	0.3

Figures are approximate † Three shifts

percentage figures shows. Scottano has almost doubled the proportion of miners working in the last week. The North-east has seen a quadrupling; Yorkshire a tripling. This rate of growth will not, of course, continfor in South Wales, where the strike

Mr Peter Walker, the Energy Secretary, welcoming the trend yesterday, said: "Obviously there is a very big return to work and if it were not said he was for the mobs, the violence and the ther's return.

intimidation I think the majority of miners would be back at work." The scenes of a week ago, when petrol bomhs and heavy stoning were reported io South Yorkshire, NCB said afterwards that the damwere not repeated yesterday ue as the hase gets larger. But it though there were numerous vio-looks good for the board - exrect lent incidents. Some 200 pickets gathered at Ellington Colliery in Northumberland where the pit's hranch sacretary, Mr John Cun-ningham, went back to work: One of his sons was on the picket line and

Miners hroke into the NCB's computer centre at Denaby in South Yorkshire and destroyed some £100,000 worth of equipment. The age was "ironic because the people working at the unit are plotting coal reserves for the future, which is what this strike is all about."

The National Union of Mineworkers (NUM) continues to dispute with vigour the NCB's figures and said he was "disgusted" by his fathe board's belief that the strike is crumbling. Mr Arthur Scargill, the tonnes a week.

NUM president, said he believed the strike was solid, and was "ap palled" that the Government and the board would not negotiate.

Assuming the NCB figures to be correct, the strike is clearly no longer solid. But for the moment, the more bullish assessments that 50 per cent of miners could be working by Christmas still appear over-optimistic (significantly, Mr Walker distanced himself from these forecasts yesterday).

As long as the Yorkshire, North-east, South Wales and Scottishfields show a large majority of miners striking - as they are likely to do for some weeks - then the NUM leadership will be unlikely to change its position and will not come under sufficient pressure from its members to be forced to

 The NCB is now able to move large quantities of coal to its main customers so freely that any likelihood of a massive police operation, or use of the army, is receding. The board is moving coal countrywide at a rate approaching 900,000

Shopkeepers expect increase in Car trade 'moving to

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MOTOR TRADERS with low- display of cars in congested areas volume car franchises will have to form co-operatives in order to cope will drive further and further afield with the inevitable demand for a "supermarket" approach to vehicle retailing, says Mr Ron Sewell, a

British motor trade consultant. He points out that the trade is moving quickly towards a situation in which it will be moving bigh vol-umes at low margins: "the classie recipe for the 'supermarket' approach, ootwithstanding the fact that a car is a far more complex commodity than a can of baked

Mr Sewell says a potential buyer is willing to drive 50 miles or more to look at a really good display of cars for sale, giving him the depth and breadth of choice he requires. "He wants room to park his own car, a facility for iovolving his wife

in the decision and a safe haven for his children.

where it is impossible to park. They to buy from a facility catering for their needs," he says.

Manufacturers with a high mar-ket share will be able to sustain the

kind of outlet which will generate the high volume needed to make this mass-marketing concept viable. They may need far fewer dealers, Manufacturers with a low market

penetration seem to have only one solution - to form co-operatives to build facilities with seperate dis-play areas for new and used cars for, say, 10 or 12 different

Writing in Sewells Digest, he suggests that the multi-franchise complexes could be marketed on a cooperative hasis and would have facilities for customer car parking, though it would be possible for each *Increasingly, customers will not franchise to have its own small be willing to drive to see a limited workshop.

TUC urges members to act on economy

By Our industrial Editor

A SENIOR Trades Union Congress (TUC) official yesterday called on trade unionists to follow the lead to unions in pressing for an alternative eco

strategy.
Mr David Lea, the TUC's assistant general secretary, told a conference of trade union representatives organised by the Eu-ropean Commission and the Greater London Enterprise Board that the proposals agreed between the TUC and the Labour Party before the last election had 'very wide agreement."

These included: Investment in infrastructure; Blocking the flow of funds

• The creation of a national investment bank to boost invest-Increased industrial democra

Mr Lea said: "We have already produced enough policy state-ments to sink a battleship. We are now at the stage of saying to our members: 'listen and learn.' I don't believe that our active membership is now simply lock-ing to leadership to ask endless questions. Now is the time for us

to give a lead."
He said that the debate over the past ten years had shown to many that a simple extension of collective bargaining was not

"This isn't an issue of princi-ple, it's a question of practical experience. Which decisions are we actually talking about? Do we mean the investment plans of the companies? As yet we have little, to be frank very little, to show in terms of influence over invest-ment through the development of collective bargaining."

Mr Lea said that the various initiatives at EEC level - particu-larly the "Vredeling" draft directive on workers' rights - pointed the way to an extension of the "wholly inadequate" rights presently enjoyed by British workers. "If we are to achieve a success-ful pattern of change it will require the pooling of the knowl-edge skill and expertise of all

who work in enterprises.

U.S. builds up stake in British offshore services consumer spending to continue supermarket style'

BY DOMINIC LAWSON

MANY KEY British oil service interests are passing into U.S. hands according to a former head of the Department of Energy's offshore

Mr Norman Smith, managing director of Smith Rea Energy Associates, cites a chain of sales by British companies involving technology vital to the huild-up of a strong UKowned offshore oil service industry.

The attack comes at a time when the UK Department of Energy is making a strenuous attempt to stimulate the involvement of UKowned companies in the offshore oil service industry.

The most recent case of what Mr Smith describes as "a distinct trend" was the sale two months ago by BOC Group of its 49 per cent stake in the BOC - Nowsco group of oil service companies to Nowsco, for CS32.5m. Nowsco is a subsidiary of Big Three Industries of Houston. Mr Smith lists other sell-offs by

the world.

conference rooms.

UK companies in the past few

Hunting Petroleum - sale of Hunting Drilltech to Teleco (part of the U.S. group Sonat).

Foseco Minsep – disposal of the subsidiary Drilling and Service to the U.S. company NL Baroid.

 Pegler Hattersley - sale of its 49 per cent stake in McEvoy Oilfield Equipment to Smiths International BP - sale of its half share in Sub-

Sea International to Odeco of the Not all the disposals by UK com-panies of interests in oil service businesses went into U.S. hands Last year City of London institu-tions sold their stakes in the seis-

mic company Merlin Geophysical to Norwegian interests. The former head of the Offshore Supplies Office argues that the interests sold to the U.S. tend to centre oo drilling and other oilwell re-

For the Kenvatta Conference Centre in Nairobi, Karl Henrik

equipment, including separate multi-lingual conference and inter-

In Munich, the Hypo-Haus, head-office for the Bayerische Hypo-

the present economic recovery, to continue, although there are signs of a slight easing in the rate of sales growth and wholesalers' confidence has slumped to its lowest level in over a year.

These are the mixed conclusions of the monthly Confederation of British Industry/Financial Times survey of distributive trades, pub-lished yesterday. The survey, which is regarded as an advance indicator of consumption treods in the economy, will be watched with special invate sector, since the Chancellor of the Exchequer's autumn statement last week expressed a view oo con- corded last month. sumer spending next year which is

An increase in consumer spend- cent, sharply down on the degree of

BRITAIN'S RETAILERS firmly ex-pect the consumer boom, which pro-to 3 per cent in 1985 will be vital if during the summer. The balance of vides most of the motive force for the economy as a whole is to grow hy 3% per cent, as the Chanrellor

The retail section of the CBI/FT survey, which was conducted between October 23 and November 12, is encouraging. It shows that 74 per rent of retailers expect sales this month to top last November's already huoyant performance.

A mere 9 per cent expect this November's sales to be lower than last year's. The 65 per cent balance of optimists over pessimists is the best terest in the months ahead by econ-result produced by the questioning omists in the Treasury and the pri- of retailers since April, and represents a slight improvement on the 63 per cent favourable balance re-

However, the survey's questionconsiderably more sanguine than ing of wholesalers presents a some-the consensus of private sector what gloomier picture, with a favourable balance of only 2 per optimists over pessimists in this part of the survey slumped from 34 cent in September to 4 per cent

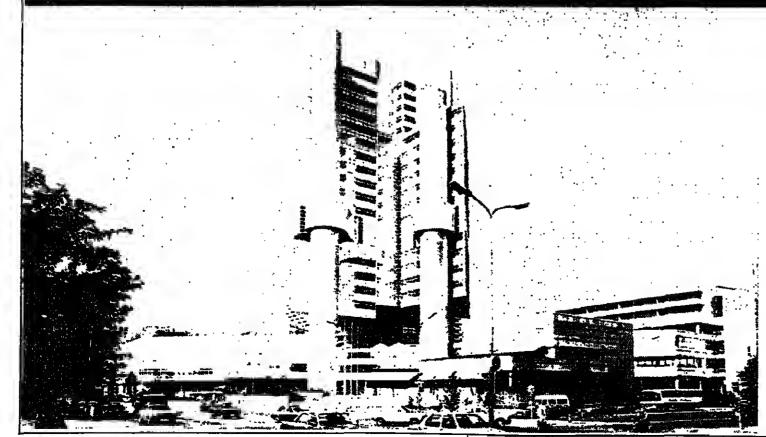
In yesterday's survey wholesalers' confidence has reached the lowest level recorded since the survey was launched 16 months ago. Wholesalers also predicted, by a margin of 5 per cent, that they would place fewer orders with their suppliers this November than they did last year.

This disappointing outlook from the wholesale sector is mitigated by two factors. The figures would have looked better if fuel and energy firms, hit hy the miners' strike, could have been excluded.

Second, the volume of sales and orders actually achieved in October turned out to be better than the expectations expressed in last



theken- und Wechsel-Bank, was designed by Walther and Bea Betz. The Kenyatta Centre in Nairobi and the Hypo-Haus in Munich - two landmarks to our expertise.



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An additional problem was that the height of the luminaires was restricted to just 85 mm.

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Kleinwort, Benson Limited

on behalf of

The Secretary of State for Trade and Industry

of up to

3,012,000,000 Ordinary Shares of 25p each at 130p per share

50p is payable now 40p is payable on 24th June 1985 40p is payable on 9th April 1986

underwritten by

Kleinwort, Benson Limited

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Arrangements for overseas offerings are being made with Morgan Stanley & Co. Incorporated in the United States of America. Mobeod Young West Limited in Canada, The Nomura Securities Co., Ltd. in Japan, and Swiss Bank Corporation International Limited in Switzerland.

Part I

Key Information

The following information is derived from, and should be read in conjunction with, the full text of this document.

British Telecom is the principal supplier of telecommunication services in the United Kingdom. HM Government is now offering for sale up to 3.012.000,000 Ordinary Shares, representing 50.2 per cent. of the Company's issued ordinary share capital.

Historic and Forecast P Actual	Year ended 3!st March 1964	Forecast for year ending 31st March 1985
	£m	£m
Profit before taxation	990	1.350
Taxation	_	486
Preference dividends	_	41
Profit after taxation and preference		
dividends	990	E23

Pro Forma

2.07.2		
	£m	£m
Pro forma profit before taxation	· 1,151	t.401
Taxation	_	504
Preference dividends	63	63
Pro forma profit attributable to		
ordinary shareholders	1,088	. 834
Pro forma earnings per share	18 lp	13 9p
The med forms femines out and shows have	heen calculated of	the accumption tha

new capital structure of British Telecom had been in place for the two years ending 31st March 1985 (see Section C of the Accountants' Report).

Offer for Sale Statistics	
Offer for Sale price (payable by instalments)	130p
Market capitalisation	£7,800 million
Price/earnings multiple on pro forma forecast earnings per	
share of 13.9p	9.35 times
Gross dividend yield based on assumed net annual dividends	
per share of 6.5p	7.14 per cent.

Bill Vouchers and Share Bonus

Individuals buying shares under this Offer for Sale may be eligible to receive free of charge from HM Government either, for a limited period, bill vouchers for use in paying British Telecom telephone bills or a share bonus of one free share for every ien held for three years. Details are set out in Part VI.

Special Dealing Arrangements

Special arrangements have been made for investors to deal at a reduced cost in small numbers of shares after the Offer for Sale until 31st December 1986. Details are

British Telecommunications plc

Sir George Rowland Jefferson, CBE (Chairman and Chief Executive) Deryk Vander Weyer (Deputy Chairman) James Hodgson, CEE (Vice Chairman) John Alvey, CB Ronald Enc George Back Michael Bett Anthony John Booth John Arthur Charles King Francis Douglas Perryman lain David Thomas Vallance

John Frederick Goble (non-executive) Sir George Gray Macfarlane, CB (non-executive) Graeme David William Odgers (non-executive) John Michael Raisman, CBE (non-executive)

Secretary of the Company Malcolm Argent. British Telecommunications pic. Location ECCV 7AC.

Solicitors to the Company Photo Asset VI Seruh Telecommunications plot 240 Gresham Enlest, Leaden SCOV FAG. Slaughter and May. 55 Besinghah Street London FOTV 558.

Auditors and Reporting Corpers à Lybrand. Charleses Acculations,

Abecus House Correr Labe, Cheapaide Lenden SCOV SAH. Financial Advisers to the Company S G Warburg a Co. bid ,

33 King William Street Lenden EC4E 9AS Registrars and Custodian Bank Licyda Bank Pic. Registral a Department

Goring by Ses.

Westburg

Financial Advisers to HM Government Elemateri Benson Limited, 30 Feschurch Street, London SCAP REP

Lanklaters & Paines, Fermination Names London ECCV 1/A.

Solicitors to the Underwriters Herner Smith & Co. Canny House Lancon EC414 (SC.

Brokers to the Offer Hoare Green imped, Betch Boase. 319-93 High Holberg.

London WCT/ TPE: Catendre & Co. Il Tokushouse Yard, London COOF TABLE de Zoete 3 Bevan, 25 Finabury Carous, London ECCM TEE. Scrimgeour, Kemp-Gee & Co., 20 Oktobell Abende,



The application list for the Ordinary Shares now offered for sale will open at 10 am on 28th November 1984 and may be closed at any time thereafter. The procedure for application and the Application Form are sor out at the end of this document.

A copy of this document, which comprises the listing periodicing relating to the Company required by The Stock Exchange (Listing) Fegulations 1984 made under the European Communities Act 1972 has been delivered to the Peguatian of Companies in England and Wales for registration in accordance with those Regulations. Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital of the Company, issued and to be issued, to be admitted.

successive that, to the best of their knowledge, for the information berein concerning the policy and intentions of Eer Majority's Covernment, the Directors of the Company have particular responsibility for the other information contained to concerning British Telecom; and Coopers & Lybrand have particular responsibility for the Accountants' Report set out in Part III. The Secretary of State, as owner of the shares hereby effected for sale, has general responsibility for the whole of this document. All the above mentioned persons have contained that, to the best of their knowledge, the information given herein, or in those particular responsibility, as the case may be, is in accordance with the facts and nothing is emitted the inclusion of which would affect materially the import of this document. This document is not for distribution in the United States of America or Canada.

Share Capital Issued or to be issued and fully Authorised paid or credited as fully paid £1,87S.000 000 Ordinary Shares of 25p each £1 500 000 000 5750,000 000 11.95 per cent (including tax credit) Pedeemable £750,000,000 Cumulative Preference Shares of £1 each Special Rights Redeemable Preference Chare of £1 £1

The Ordinary Shares now offered for sale will rank in full for all dividends declared or paid on the ordinary share capital of the Company after the date of this document; special arrangements apply to capitalisation issues and non-cash dividends during the instalment period. Indebtedness

At the close of business on 19th September 1984, the Company had outstanding short-term borrowings of £126 million, loan stocks of £2,750 million, long-term loans (all in foreign currencies) of £324 million and obligations under finance leases, excluding interest, amounting to £204 million. All the foregoing were unsecured. Except as disclosed above, the Company did not at that date have any loan capital (whether outstanding or created but unissued), morigages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, frabilities under acceptances rother than normal trade bills), acceptance credits hire purchase commitments or, other than in the ordinary course of business, guarantees or other material contingent liabilities

The Company had cach, cank balances and short-term investments marking within six months amounting to £434 million at that date.

For the majority of foreign currency it sits, the exchange task is covered under arrangements with HM Treasury, and the indebtedness in respect of such loans has been translated at the cales of exchange ruling when the original Labilities were incurred. The remainder of loreign currency indebtedness has been translated at rates of exchange ruling at the close of business on 20th September 1984.

Definitions "Scrippin Telecom"	Entish Telecommunications public limited company and its subsidiaries and, or as the case may be, their respective predecessors in business or any of them.
'Company'	Strick Telegomment at this guntin limited company
"Corporation"	The statutory corporation income as British Telecommunications
.NC2.	Local Communications Services division
National Networks'	National Networks division
'n'i International'	Emiliah Telepasi International division

The agreement summarised in Part V "Indialment Agreement" Fully paid Ordinary Shares of 25p each "Ordinary Shares" The Interim Cernficates, evidencing rights to Ordinary Shares, to be 'Interim Certificates' issued pursuant to the Instalment Agreement, pending payment in full of the Offer for Sale price (including, where the context requires, Letters of Acceptance in requstered form) The Special Rights Redeemable Preference Share of £1----'Special Share' The 750,000,000 11.95 per cent (including lax credit) Redormable "Preference Shares" Cumulanve Proference Shares of £1 each The twenty two separate series of unsecured loan stock appregating \$2.750.000,000 in principal amount redeemable between 1985 and 2006 'Loan Stocks' and carrying interest at rates from 1214 per cent. to 1214 per cent. Brinsh Telecommunications Stall Superannuation Scheme **BTSS** The Telecommunications Act 1984 1384 Act1 The licence described under Regulatory and Compentive "Licence" Framework' in Part I, which came into force on 5th August 1984 The abridged prospectus also being issued by HM Government in ... muni-prospectus connection with this Offer for Sale

Responsibility for Listing Particulars and **Audit of Accounts**

The Directors of the Company are: Sir George Powland Jefferson, Deryk Vander Weyer, James Hodgson, John Alivey, Ronald End George Sack, Michael Beit, Anthony John Booth, John Arthur Charles King, Francis Douglas Perryman, Iain David Thomas Vallance, John Frederick Goble, Sir George Cray Macfarlane Graeme David William Odgers and John Michael Raisman; all of 3-12 Gresham Street, London EC3V 7AG. The Auditors and Reporting Accountants are. Coopers & Lybrand, Abacus House, Guiter Lane, Cheapside, London EC2V 8AH.

The Secretary of State has particular responsibility for the information herein concerning the policy and intentions of Her Majestry's Government, the Directors of the Company have particular responsibility for all the other information contained herein concerning British Telecom, and Coopers & Lybrand have particular responsibility for the Accountants' Report set out in Part III. The Secretary of State, az owner of the shares hereby offered for sale, has general responsibility for the whole of this document. All the above mentioned persons have taken all reasonable care to ensure that, to the best of their knowledge, the information given herein, or in those portions for which they have particular responsibility, as the case may be, is in accordance with the facts and nothing is omitted the inclusion of which would affect materially the import of this document.

The financial information set out in the Accountants' Report is based on the audited accounts of the predecessors to the Company, being the relecommunication business of the Post Office in respect of the two years to 31st March 1981 and the Corporation in respect of the three years to 31st March 1984. Coopers & Lybrand were auditors of the Corporation and joint auditors of the

The financial information set out in the Accountants' Report by Coopers & Lybrand, whose audit reports on the accounts for the four years to 31st March 1963 were qualified, is stated after making such adjustments to the audited accounts as they consider necessary. As a result of these adjustments, and because information has become available to them additional to that at the time the accounts were prepared, Coopers & Lybrand give in the Accountants' Report an unqualified opinion as to the results and source and application of funds for each of the three years to 31st March 1984 and as to the state of affairs at 31st March 1982, 1983 and 1984. Their opinion in respect of the two years to 31st March 1981 remains qualified as set out in their report.

The financial information for the three months ended 30th June 1983 and 1984 is unaudite The Ordinary Shares offered for sale are offered solely on the basis of the information contained and representations made herein and in the mini-prospectus when taken with this docurrent. No other information given or representations made by any person should be relied upon and no person responsible for this document, or any part thereof, shall have any liability

Admission to Listing, Shares to be Listed and Details of the Offer

Admission to Listing and Shares to be Listed

Application has been made to the Council of The Stock Exchange in London for the whole of the ordinary share capital of the Company, issued and to be issued, to be admitted to the Official List on 23rd November 1984, with a view to its marketing on The Stock Exchange, ft is expected that dealings will commence on 3rd December 1984, as described in Part V. The capital history of the Company is summarised in paragraph 1 of Part IV. In the case of those shares which were issued in connection with the transfer of the assets and liabilities of the Corporation to the Company, the relevant documents, being the 1984 Act and the relevant statutory instruments, directions, orders, consents and appointments thereunder, are available for inspection at the offices of Slaughter and May, 35 Basanghall Street, London EC2V 5DB. The Ordinary Shares now offered for sale have been allotted credited as fully paid to HM Covernment. They will rank in fulf for all dividends declared or paid on the ordinary share capital of the Company after the date of this document; further details of the rights attaching to Ordinary Shares

Details of the Offer

are set out in paragraph 2 of Part IV.

Up to 3.012,000,000 Ordinary Shares are being offered for sale at a price of 130p per share of which 50p per share is payable on application, 40p on 24th June 1985 and 40p on 5th April 1986. The Ordinary Shares now being offered represent 50 2 per cent, of the total Ordinary Shares,

Applications must be received by 10 am on 28th November 1984 when the application list will open; it may be closed at any time the reafter. Details of the application procedure and the names of the receiving banks to whom applications should be delivered are set out at the end of this document. Letters of Acceptance will be posted to successful applicants on or as soon as possible after 6th December 1984.

At any time prior to the announcement of the basis of allocation, it may be decided that by reason of a material change in relevant conditions the Offer for Sale should not proceed.

Until payment of the final instalment, the Ordinary Shares sold on instalment terms will be registered in the name of Lloyds Bank Plc under the terms of the Instalment Agreement. They will be represented initially by Letters of Acceptance which will cease to be valid for any purpose on 31st May 1985, when Interim Certificates evidencing rights to the underlying shares will be issued, together with a notice calling for payment of the second instalment on 24th June 1985 Subject to payment of instalments when they fall due, the rights of the holders with respect to all dividends, voling and return of capital are equivalent to the normal rights of an ordinary shareholder, although special arrangements apply in the case of capitalisation issues and non-cash A register will be established as at 9th March 1985, from which date transfers will be by

stock transfer form in the normal way and subject to stamp duty. From 9th March to 31st May 1985 special temporary documents of title will be issued to transferees. During this period Letters of Acceptance and such temporary documents, and thereafter Interim Certificates, will serve as documents of title to enable transfers to be effected.

The liability to pay instalments will pass to the transferee upon registration of renunciation or of transfer, as the case may be. On payment of the final instalment due on 5th April 1986, the Ordinary Shares will be transferred (free of stamp duty to him) into the name of the last registered holder or joint holders.

Further details concerning the dealing arrangements and the Instalment Agreement, including the rights of HM Covernment if the instalments are not paid, are set out in Part V.

Bill Vouchers and Share Bonus

Individual trivestors may be eligible to receive free of charge from HM Government either bill vouchers or a share bonus but not both; details are set out in Part Vf. Under the bill vnucher arrangements up to 12 vouchers, each worth £18 for use in paying a British Telecom telephone bill within a limited period, will be made available to eligible investors. Under the share bonus arrangements, one share will be given without further payment for every ten shares held until 30th November 1967, up to a maximum of 400 free shares per investor.

Ten per cent of the Ordinary Shares now being offered are reserved for employees of British Telecom and 6TSSS pensioners Of these, 54 shares will be made available free by HM. Covernment to each eligible employee and in addition each eligible employee will be given tree by HM Government two Ordinary Shares, up to a maximum of 154 shares, for every share purchased by him under the Offer for Sale. Within the balance of these reserved shares, priority will be given to applications received from employees and BTSSS pensioners, those made by employees will be eligible for a discount of ten per cent on the Offer for Sale price on up to 1,600 Ordinary Shares per employee. Any reserved shares not taken up under these arrangements will be available for public applications. Further details of these arrangements are contained in

United Kingdom and Oversess Arrangements
Of the Ordinary Shares now being offered, 3 597 000,000 have been underwritten by a group of United Kingdom banks led by Kleinwort, Benson Limited. On 16th November 1984, a number of United Kingdom institutional investors, together with Swiss Bank Corporation International Limited on behalf of a syndicate of Swiss banks, are being invited to apply for all of these Ordinary Shares ("Priority Applications"). Undertakings are being given to accept up to 55 per cent, of the Priority Applications, the balance of these Priority Applications will be satisfied after all other applications in the Offer for Sale

The balance of the Ordinary Shares being offered, 415,000,000, has been provisionally allocated to proposed separate offerings in the United States of America. Canada and Japan (the 'Foreign Offerings') Preliminary prospectuses were filed with the Securities and Exchange Commission in Washington D.C. on 26th October 1984 and with the provincial securities commissions in Canada on 26th and 27th October 1964 for offerings of American Depositary Shares leach representing to Ordinary Shares, and with the Ministry of Figance in Tokyo on 27th October 1984 for an offering of Ordinary Shares, it is expected that in the week commencing 26th November 1984 underwriting agreements will be entered into with syndicates of banks in the United States, Canada and Japan led by Morgan Franley & Co. Incorporated, McLeod Young Weir lamited and The Nomura Securities Co., laid, respectively. The Bank of England has agreed to purchase any of the 415,000,000 shares provisionally allocated to the Foreign Offerings but not taken up to the extent that these shares are not covered by applications in the Offer for Sale (other than Priority Applications to the extent not already accepted). Additional shares may be made available to the Foreign Offerings from the United Kingdom Offer for Sale at the discretion of the Secretary of State. Application has been made for the Ordinary Shares to be listed on The Stock Exchange in London and for the American Depositary Shares to be listed on the New York and Toronto Stock Exchanges

Details of these arrangements are set out in paragraph 13 of Part IV An agreement dated 16th November 1984 between Kleinwort Benson Limited Morgan Stanley & Co. Incorporated, McLaod Young Weir Limited, The Nomura (Actuation Co., Ltd. and Swiss Bank Corporation International lumited, each acting on behalf of their respective syndicates, promdes for restrictions on marketing Ordinary Shares allocated to their respective offerings by each overseas group outside their respective countries.

The prospectuses to be issued in connection with the offenings in the United States and Canada will include statements that in contection with those offerings, the United States Underwitters and the Canadian Underwitters may over-allot or effect transactions which stabilise of mainlain the market nrices of the American Depositacy Maries or the Cedinary Shares at levels above those which might otherwise prevail in the open market Bach transactions may be effected on the New York Stock Exchange, the Toronto Brook Exchange or otherwise. Any such stabilisation, if commenced, may be discontinued at any time. Plancks attom may, therefore directly or indirectly affect the price of the American Depository Shares and the Ordinary Shares on such Stock Exchanges and The Stock Exchange, London.

British Telecom Enterprises division

Proceeds of the Offer end Expenses The proceeds of the offer will go to HM Government.

"ST Enterprises"

In addition to underwriting commissions, HM Ocvernment will pay commissions to certain stock brokers, banks and other intermediaties on successful applications, these are described in

3/General Information about the Company and its Capital

Formation, Constitution and Share Capital

Brinsh Telecom is the principal supplier of lelecommunication services in the United Kingdom. The Company's registered office is at 8! Newgate Effect, benden ECTA 7A] and its principal administrative establishment is at 3-12 Gresnam Effect, bondon EC2VITAC II was incorporated on 1st April 1994 as a public limited company under the Companies Acts 1948 to 1981 with the object of succeeding to and carrying on the relecommunication business of the Corporation The Company is registered with the Registrar of Companies in England and Wales with number 1800000 The documents referred to in Part IV of this document as available for inspection can be inspected at the offices of Slaughter and May, 55 Sasinghali Street, London ECQV 5DB. The authorised share capital of the Company is £0,625,000 601, consisting of 7,500,000,000

Ordinary Shares of which 6,000,000,000 are or will be, following the Offer for Sale, in issue and fully paid, and 750,000,000 Preference Shares and one Special Share, all of which are in issue and fully paid. Further details concerning the constitution and share deputal of the Company are set out in paragraphs I and 2 of Part IV.

In order to prevent undue influence in the affairs of the Company, as the principal telecommunications operator in the United Kingdom, the Arneles of Association of the Company contain restrictions on the interests (as defined in the Articles) of any person in shares in the Company which normally carry voting rights, these include holdings of Ordinary Shares and the rights to the Ordinary Shares evidenced by interim Certificates. Where any person has such an interest in five per cent, or more of such shares, he must notify the Company. Whether or not such a noblication is given, where a person has, or appears to the Entertors or is deemed to have, an interest in lifteen per cent, or more of such shares, the Articles require a disposal to be made so as to reduce the interest of such person below fifteen per cent and, in default, for a disposal to be made by the Directors on such terms as they think fit. This requirement applies whether or not other persons also have interests (even if of less than fifteen per cent) in the shares concerned. Until this disposal takes place, the holder is unable to vote. Further details of

the relevant Article are set out in paragraph 2 of Part IV.

The Minister of State for Industry and Information Technology stated in a letter dated 19th October 1964 that, in view of HM Government's intention not to use its rights as an ordinary shareholder to intervene in the commercial decisions of British Telecom and its expectation not to vote its shareholdings on resolutions moved at General Meanings, the Director General of Fair Trading would be likely to leave HM Government's shareholding out of account in considering. for the purposes of the merger provisions of the Fair Trading Act 1973, whether any shareholder was able materially to influence the policy of the Company and therefore whether he should advise the Secretary of State on a reference to the Monopolies and Mergers Commission. The Minister also diew attention to HM Covernment's intention to apply the 10 per cent. limitation on allocation, as set out in Part VI B.

Relationship with HM Government

HM Government as an investor

Following the Offer for Sale, HM Government will own 49.8 per cent. of the Issued Ordinary Shares together with the Special Share and the Preference Shares. HM Government will provide out of this holding the Ordinary Shares to be given to individual investors under the share bonus rangement. The £2,750 million Loan Stocks, which were issued to HM Government and then transferred to the Corporation as explained in paragraph 1 of Part IV, may in due course be transferred back to HM Covernment.

The Special Share, which may only be held by HM Government, does not carry any tights to vote at General Meetings but enuties the holder to attend and speak at such meetings. Certain matters, in particular the alteration of specified Articles of Association of the Company (including the Article relating to Limitation on Shareholdings and the Article which requires that the Chief Executive be a British critical) require the prior consent of the holder of the Special Share. In addition, the holder may also appoint or nominate two persons as Covernment Appointed Directors They are permitted by the Articles of Association to vote on issues relating to contracts in which the Clown is party or in which the Crown is interested. Further details relating to the Preference Shares, the Loan Stocks and the Special Share are set out in paragraphs I and 2 of

Commercial and Other Relations with HM Government

Following the Offer for Sale, the commercial relanonship between British Telecom as supplier and HM Covernment as customer will be on a normal customer and supplier basis. British Telecom will be treated by HM Covernment in accordance with the same criteria as other suppliers of telecommunication equipment and services. HM Covernment's general approach is set out in HM Treasury's published guidelines on public purchasing policy.

HM Government is Brinish Telecom's largest customer for telecommunication services, which are of the greatest importance for the functioning of all Government departments. HM Covernment estimates that it paid British Telecom approximately \$200 million in the year ended 31st March

British Telecom can be required in law to do certain things and to provide certain services for HM Government. The Licence obliges British Telecom to provide a number of emergency services (to) example, priority repair of certain telephone lines) for Government departments non, the Secretary of State has statutory powers to require Brinsh Telecom to take certain actions in the interests of national security, international relations or the detection of crime. It is not HM Covernment's policy to give details of any arrangements of this kind or of the payments, which may at the discretion of the Secretary of State be made, in respect of them,

Letter from HM Government The following is the text of a letter from the Secretary of State for Trade and Industry to the Chairman of the Company dated 16th November 1984:

'Following the Offer for Sale, HM Government will hold 2,988,000,000 Ordinary Shares in the Company It will not sell or otherwise dispose of any of this holding (except under the arrangements for the share bonusi before 9th April 1988 Subject to this undertaking, it is HM Covernment's policy to sell residual shareholdings in privatised companies as the circumstances of the companies and market conditions permit. Before any such sales or disposals and the arrangements therefor are made, HM Covernment will take into account

views of the Directors of the Company.

Before any sales or disposals of Preference Shares held by HM Government are made. HM Government will take into account the views of the Directors of the Company, and the Company will first have the option to redeem the shareholding in question at par. HM Government will not dispose, or permit the disposal, of any of the Loan Stocks held

by it or by the Corporation before 16th November 1989 If after that date HM Government has any proposals for selling or obtaining a listing for any of these Loan Stocks, before any arrangements for this are made HM Covernment will take into account the views of the Directors of the Company.

HM Government does not intend to require the Company to redeem the Special Share. HM Government does not intend to use its rights as an ordinary shareholder to intervene in the commercial decisions of British Telecom. It does not expect to vote its shareholding on resolutions moved at General Meetings, although it retains the power to do so. The Government Appointed Directors have no special powers and their duties, like those of all Directors, are to the Company as a whole.

If the Bank of England purchases any Ordinary Shares in the Company as a result of the tangements between HM Covernment and the Bank of England in connection with the Offer for Sale, HM Government will ensure, putsuant to an agreement with the Bank of England, that, in the event that the Bank of England exercises any of the votes attaching to such shares or HM Government exercises any of the votes attaching to its shares, the votes exercised by HM Covernment will, when added to any votes exercised by the Bank of England in respect of such shares, be less than the aggregate of the rotes entitled to be exercised in respect of

HM Covernment will in any case restrict the exercise of the votes attaching to its shareholding to a number less than the aggregate of the votes enutled to be exercised in respect of all other shares where voting rights attach to the Preference Shares because dividends are in arrears.

Attitude of HM Opposition

In its 1983 Manifesto, the Labour Party stated that it would freturn to public ownership the public assets and rights haved oil by the Toties with compensation of no more than that received when the assets were denalionalised. When the Sill for the 1984 Act was debated in the House of Commons on 18th July 1983, the Rt. Hon. Stanley Orme M.P., speaking from the Opposition Front Fench, indicated that a future Labour Obvernment would frequency a publicly owned and democratically pur telecommunications system in the United Kingdom*. The Labour Party conference in October 1984 passed a resolution calling for the renationalisation of British Telecom. and instructed its National Executive Committee to ensure that compensation to be paid on renationalisation sticulable on the basis of 'no speculative gain'.

4 The Activities of British Telecom

A. Historical Background

The world's first commercial telecommunication operation began in 1839 with the establishment of a relegraph line between Paddington and West Drayton. Public telegraph services grew rapidly from 1849; the first submanue telegraph cable was laid in 1850 between England and France and the first transationing cable in 1858.

The development of the telephone by Alexander Graham Belt, patented in 1876, led to the establishment of private telephone lines; these were linked together for the first time in the United Kingdom by means of a public telephone exchange at Coleman Street in the City of London opened in 1879 Major developments in the United Kingdom which followed in the next filty years included the laying of the first telephone cable between England and France in 1891. the opening of the first automatic exchange at Epsom in 1912, end the establishment of regular relephone service between the United Kingdom and the United States of America in 1927, using iong wave radio New services were provided in 1936 with the introduction of TIM, the speaking clock, and in 1937 with the '999' emergency service. Subscriber trunk dialling was introduced in 1958 at Bristol, international direct dialling began in 1963 between London and Paris; and the first commercial communications satellite was launched in 1965.

The Origins of British Telecom In its early days, telephone service was provided by the General Post Office in competition with private sector companies in 1896, the General Post Office took over the private sector trunk service and in 1912 it became the monopoly supplier of telephone services throughout the United Kingdom except in a few municipalities, including the City of Kingston-upon-Huff (where the local service is still provided by the City Council). In 1969, the Post Office ceased to be a Government department and was established as a public corporation.

In 1981, the postal and telecommunication services of the Post Office became the responsibility of two separate corporations with British Telecom taking over the telecommunication business. At the same time, the first steps were taken to introduce competition into telecommunications in the United Kingdom. In 1962, HM Government announced its infention to sell up to 51 per cent. of British Telecom to the public, and legislation was introduced into Parliament, receiving Royal Assent on 12th April 1984; the business of the Corporation was transferred to the Company on

B. Technological Background

During recent years, the rate of technological change in telecommunications has accelerated and exchange equipment, transmission systems and customer apparatus have all developed

Most existing telephone networks are based on an analogue system. This turns the air pressure waves created by speech into analogous, constantly varying, electrical waves and turns them back to speech again at the receiver. Other forms of telecommunication, such as text, television or computer data, require separate networks or conversion equipment. However, with the development of a digital system of transmission, speech, text, data or television can all be translated into a stream of bits, the binary digits used for computers, and represented in the form of pulses of electricity or light Further, by operating at high speed it is possible to interleave the pulses relating to separate messages, such as different telephone calls, along a single line, a technique known as time division multiplexing which is important for more efficient use of the network. Conversion to a digital network reduces costs, through the use of recently developed micro-electronic devices, and improves call quality because digital signals are less vulnerable

All telephone exchanges were manually operated until 1912 when the electro-mechanical Strowger switching system was first introduced into the United Kingdom and became the standard exchange equipment. Two generations of exchange have been introduced progressively since the 1950s to replace the Strowger system. First, the Crossbar exchange with improved electro-mechanical technology, and secondly, the TXE series of exchanges incorporating electronic control and sealed switching contacts (reed relays).

The most recent development in exchange technology has been the introduction of digital switching equipment incorporating stored program control. Here, the instructions to operate the exchange are contained in software programs, which run on processors similar to data processing computers. Electro-mechanical switching equipment has thousands of moving parts which are costly to maintain and cause faults such as crossed lines, crackles and wrong numbers, whereas digital switching equipment contains almost no moving parts. The davelopment of a new family of digital exchanges, known as System X, was started by the Post Office in the 1970s in collaboration with the three major United Kingdom telecommunication manufacturers. The first prototype System X exchange was opened in London in 1980 and a version with improved. performance has been developed, the first of which was opened in Coventry in 1983. When System X becomes more widely available it will offer a wide range of facilities from the public exchange without customers oeeding special apparatus, while the modular nature of the de allows improvements to be introduced. Additional services can also be differed through improvements in software, often without making alterations to the exchange equipment. For smallest local exchanges the digital UXDS has been developed by British Telecom from its Monarch electronic private automatic branch exchange.

The traditional method of transmission for inland communications has been by wires or coaxial cables, carried overhead or in underground ducts, or by microwave radio. International communications have been carried by undersea coaxial cables, radio links or international satellites, linked by earth stations.

The most important recent development is the introduction, initially into the trunk network, of optical fibre cables. These are thin strands of extremely pure glass, which carry signals as pulses of light. Use of optical fibre cable instead of coaxial cable (which has a central conductor made of copper or aluminum) has several benefits: its communication capacity is much greater and, being small, more cables can be inserted in existing ducts. In addition, the signals fade less rapidly than in conventional cable and therefore require less frequent amplification, providing substantial savings on the installation and maintenance of amplification equipment. British Telecom's first optical fibre cable was installed in 1977.

internationally, satellities are increasingly being used not only for voice but also for data, facsimile and broadcasting transmission. Undersea cables will however commute to be important and the first international submarine optical fibre cable is scheduled to be laid between the United Kingdom and Belgium in 1985.

A further development in transmission is cellular radin which, through the use of radio waves of higher frequency and lower power, can provide mobile telephone services with greater. capacity than the existing radiophone services. Customer Apparatus

Advances in customer equipment have stemmed largely from an increasing use of micro-electronics. The telephona has evolved from a wooden box containing many individual components, an electro-mechanical belt and a microphone filled with carbon granules, to a complex electronic device offering a wide range of facilities. Private automatic branch exchanges now incorporate the same digital techniques as are being introduced for public exchanges, reducing cost and size while increasing facilities. New types of telex terminal can display the text on a screen and thereby allow more preparation of the message before transmission. The recently introduced teletex service is similar to telex though messages are transmitted some fifty times faster over the telephone network. Word processors can now be interconnected over the telephone network to provide the basis of an electronic mail system.

Integrated Systems At present, telephone, telex and private circuit networks are physically separate; Digital equipment and optical fibre cables should enable British Telecom to integrate a wide range of services into a single integrated Services Digital Network ("ISDN"). A pulot ISDN service will open within a few months and is expected to be introduced over the country as System X is brought into service it will be capable of handling both the existing and the new forms of traffic which are emerging through the growth of information technology, such as electronic funds transfer, credit card ventication, high-speed transmission of data and facsimile and video conferencing. However, certain types of data commitmications are handled more efficiently in the form of 'packets' which will commute to require a separate network, although this packet switching network will be accessible from appropriate ISDN terminals.

C. Business and Organisation

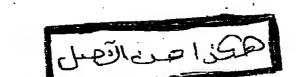
The principal business of British Telecom is to provide customers in the United Kingdom and the Isle of Man with local, national and international telecommunication services, and to supply customers with apparatus to give access to these services. This is by far the largest part of the business. Within this, the main activity is the provision of voice telephony, supplemented by data services, over a single nationwide public network. British Telecom is also marketing a range of more specialised services in telecommunications and in the related fields of information

Organisation

Feffecting the commercial and operational interdependence of its activities, British Telecom is organised to provide a high degree of corporate co-ordination. Following the introduction of compension into telecommunications, the operational structure is being developed to allow greater devolution of decision making and financial responsibility to local and product managers. consistent with the need for co-ordination and accountability. British Telecom is in transito changing over a relatively short period from a public sector monopoly to a private sector company which laces growing competition and which operates under a new regulatory regime. Thus, while the main lines of its operational structure have been established in the form of five operating divisions, the organisation both within and between divisions is continuing to develop. There has also been a process of significant change in management approach and personnel practices to meet these developments in organisation and technological change The mainly centralised financial accounting systems, currently being replaced, did not

provide fully the management information that the Directors see as desirable for the new entironment. The work to develop integrated financial and management accounting systems. necessary to: the new organisation and to meet the requirements of the Licence first started in 1962 Significant progress has already been made to develop these systems which will provide managament with revenue, cost and profit information on a decentralised basis.

The activities of British Telecom are described below by reference to each of the operating divisions: LCS, National Networks, BT International, BT Enterprises and Development and



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Local Communications Services

LCS is by far the largest division in terms of employees, with a staff of about 301,000 representing approximately 84 per cent, of the workforce. The management structure, outside London, is at present being reorganised into twenty four management districts in four territories. LCS is responsible both for the provision of the local telephone service and for the sale, rental, installation and maintenance of customers' apparatus, as well as for a range of activities carried out on behalf of the whole business. These include direct sales, service and accounts contact with customers and the maintenance of much of the network. British Telecom broadly estimates that about one half of its turnover for the year ended 31st March 1984 was derived from line rental, subscribers' local calls and the sale or renial of apparatus.

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LCS provides the local telephone service, which is also the gateway to the trunk and international telephone networks. At 31st March 1984, there were about 20 million lines in service linking telephone customers to about 6,300 local exchanges. On average more than 60 million Calls per day pass through these exchanges.

The total number of lines in service has grown from 5 million in 1960 to about 20 million in 1964, made up of 16 million residential lines and 3.8 million business lines. During the 1960s and 1970s, the number of residential lines grew at an average annual rate of about 8 per cent, but, as shown in the table below, this growth slowed down in the 1990s, largely due to the level of residential peneration already scheved — 78 per cent of all households in the United Kingdom now have a telephone it was also affected by the price increases in 1980 and 1981. The reduction in the growth rate of business lines since 1980, also illustrated below, principally reflects the impact of the recession in 1980 and 1981.

At 31st March	Number of residential lines in service (thousands)	or year	Number of business lines in service (thousands)	Grow in ye
1980	13.558	8.4	3,422	45
1981	14,689	53	3.509	25
1982	15,177	33	3 574	19
1983	15,5 64	25	3,546	20
1984	16,062	32	3.774	35
Calls .				

Bruish Telecom's equipment which is used to charge customers records units and does not count calls. The estimated growth in the number of local calls, trunk calls and total calls in each of the last five years is shown in the following table. These estimates are derived from call. meters installed at the trunk exchanges and at a sample of local exchanges. The table should be used as an approximate guide only, in particular, beginning in the year ended 31st March 1984, improved call counting procedures are providing more accurate estimates of numbers of calls and, es a consequence, Brinsh Telecom believes the growth rate in that year shown in the table is greater than the actual rate of growth.

Year ended 31st March	Estimated annual growth of local calls	Estimated annual growth of trunk calls	Estimated annual growth of total calls
1980	5	8	5
198t	1	2	2
1962	.3	3	з.
1983	3	5	3
1984	S	g	6

Growth in the number of calls in the whole network depends upon the increase in the number of lines in service and upon the calling rate—the frequency of calls made by each customer. During the 1970s, call growth resulted from the rapid increase in the size of the nerwork rather than from increased calling rates. Between 1980 and 1982, calling rates declined so that the growth in the number of calls in that period resulted from the continued increase in the size of

the network. Total calling rates have since risen gradually.

British Telecom estimates that, on average, residential lines are used for outgoing calls for 40 minutes per week and business lines for approaching 4 hours per week. It believes that the modernisation of exchanges and improved apparatus, which will provide better service and additional facilities. will encourage increased usage of the network its pricing strategy is designed to encourage usage of the network outside business hours.

Apparatus LCS rents, sells, Installs and maintains a wide range of products from telephone instruments to branch exchanges. At 31st March 1984, 28 6 million telephones (uncluding extensions) were being rented from LCS. British Telecom began to sell telephones in 1982 and, in the year to 31st March 1984, LCS sold about 219,000 telephones and related telephone terminals. In that year, it added about 380,000 to the number rented. Some 95 per cent. of the telephone apparatus sold

or rented by LCS is currently procured for it by BT Enterprises.

British Telecom has had the sole right to supply the first telephone to customers, but this will cease on 1st January 1985 Since 1981, there has been compension in the supply of customer apparatus other than the first telephone. To enable customers to use telephones of their choice, LCS is fitting sockets in customers' premises, on request or at the time of an installation or ance visit. About ten milhon sockers have so far been installed.

British Telecom provides privale circuits which are lines between fixed points reserved for the exclusive use of a customer. They are leased at a fixed rate irrespective of usage, LCS is responsible for local analogue circuits, while National Networks provides trunk analogue and all inland digital circuits; international circuits are the responsibility of BT International. At 31st March 1984, British Telecom was providing about 360,000 private circuits.

LCS operates public call boxes and rents payphones to customers. At 31st March 1984, there were about 76,500 public call boxes and 233,500 tented payphones in pramises such as boiels, restaurants and stores. A new payphone, the Blue Payphone, of which over 11,000 have so far been introduced incorporates press button dualling and a credit display: it automatically alerts the repair service when a fault occurs. Another new payphone, the Cardphone, accepts special cards instead of coins."

LCS manages the inland telephone operator service, the inland directory enquiries service, the '999' service and the Freefone service by which the cost of the call is met by the called customer, as well as providing a range of recorded services including the speaking clock and

new services such as Sportslinte, a sports headline service updated hourly.

The City Business System, designed to meet the communication needs of business customers. including financial institutions, foreign exchange dealers, airlines and travel agents, was developed by LCS, this system has a single screen which can be used to make telephona calls, to send telexes and to consult information stored in a computer.

LCS is responsible for the rune computerised billing centres which send out annually approximately 80 million bills. Equipment now being introduced on trial in some exchanges enables bills to show the numbers called and the charge per call. British Telecom's motor transport fleet, which totals more than 50,000 vehicles, is also the responsibility of LCS.

National Networks

The trunk telephone service is the most important activity of National Networks: British Telecom broadly estimates that trunk calls contributed about a quarier of its total turnover in the year ended 31st March 1984. Nanonal Networks also offers a range of specialised services for business users. In recognition of the importance of large customers to British Telecom's business, National Networks has overall responsibility for relations with about 150 of British Telecom's largest customers. The principal areas of British Telecom's business with the customers, excluding FM Government, whom it considers to be its 100 largest customers (but not necessarily including all their subsidiaries) are estimated to account for not more than one tenth of British Telecom's turnover. Other than HM Covernment (see Relationship with HM Covernment), no one customer accounts for as much as one per cent, of total turnover. National Networks has about 11,000

Trunk Services

National Networks runs the trunk switching and transmission network for telephone and other services, connecting with the local and international networks. The telephone network has over 450 trunk exchanges which are connected by some 400,000 cable and radio curcuits. The introduction of subscriber trunk dialling between 1988 and 1975 made trunk calls easier and cheaper. This, together with the increase in the size of the network and national economic growth, contributed to an annual average growth rate for trunk calls of 12 per cent during this period. From 1975 to 1980, the average growth rate was about 7 per cent. per annum and although from 1981 to 1983 growth was relatively low, mainly because of the recession, it recovered in ded 31st March 1964.

Cheaper off-peak rates encourage greater use of the network. Modernisation of local exchanges and improvements to the trunk network, providing better service and additional facilines, should contribute to the growth in calls. New services are planned including the introduction in 1965 of automatic Freelone and, a similar service, Economy Phone, whereby callers contribute a local call charge towards the cost. These two services are designed in particular to increase trunk calls to businesses from residential lines.

Specialised Services

Nanonal Networks offers a range of specialised telecommunication services for business National Networks others a range of specialised teleconfining and instance inland analogue private circuits, but in the long term the potential for market growth lies with digital private circuit services. The first of these, introduced in 1983, was Kilostream, which provides services such as high speed links between computers and terminals for text and graphics. This was followed by Megastream, which offers very high speed data transmission or up to 30 voice channels. National Networks also provides specialised networks for the distribution and switching of sound and vision programme material for radio and television broadcasters

The second major specialised service is the inland television broadcasters

with the progressive introduction of stored program control telex exchanges, starting at the end of 1984, providing facilities such as the storage of messages until the recipient is ready, transmission to multiple addresses, recorded messages for callers and message redirection. In the year ended 31st March 1984, the number of refer connections increased by 2.7 per cent to 95,000.

Nahonal Networks offers Packet SwitchStream, which enables customers to send and receive

certain types of data, for which the conventional telephone network is not suitable, in 'packets over a separate public network. The number of calls made over this system has grown rapidly since its introduction. It is used for the clearing houses automated payment system to provide same-day clearance of funds in the City of London, and can be used for such applications as credit card verification and, when linked with Prestel, for home benking, shopping or ticket reservation.

BT International

BT International provides international services which, in the year ended 31st March 1984. accounted for approximately one sixth of British Telecom's turnover. International telephone pervice is its principal activity and this represented about two thirds of international revenues in that year. BT International also provides maritime and offshore communications and specialised international business services. It has a wide range of telecommunication facilities including seven international telephone and two international telex switching ceoties, 44 radio stations, three satellite earth stations and one microwave radio station, it has interests in 54 submanne cables throughout the world and operates three cableships. It has about 11,000 employees,

International Telephone Service

The international direct dialling facility was introduced first to Paris in 1963. Since then, it has been extended and the volume of international traffic increased during the 1970s at an has been extended and the valuate of international trains increased outing the 1970s at an average rate of approximately 20 per cent, per annum, By October 1984, direct dialling had been extended to 161 out of the 217 countries to which telephone service is available, and 97 per cent, of all international traffic originaling from the United Kingdom is now stalled direct. Despite the miernational economic downlurn in the early 1980s, the volume of business has continued to grow, fostered by a substantial reduction in prices in real terms. This growth is illustrated in

Year ended 31st March	Outgoing	Incoming	To:al
	4.	'n	4
1560	25	20	22
1981	11	16	13
1982	12	16	Î4
1921 •	1?	Ju	λί
1984	14	10	12

includes transit traffic.

In the year ended 31st March 1984, telephone traffic to and from the United Kingdom amounted to 2,012 million paid minutes. The base of international telephone traffic is generated from a limited number of routes and some 85 per cent of United Kingdom Italiic is with 30 countries, the largest single route, to the United States, accounts for 20 per cent. The United Kingdom is one of the world's principal transit centres, enabling trailic originating and terminating outside the United Kingdom to be routed that this country. BY International estimates that if handled more than 48 million paid minutes of transit traffic in the year ended 31st March 1984.

ET International maintains an operator service for directory enquiries and other assistance to mustomers such as personal call facilities. International felegram and telemossage services are also provided. Telemessage, which suplaced the inland telegram service in 1962, provides delivery by local mail within the United Kingdom and in the United States of messages transmitted

Business Services

Telex is available to 198 countries of which 186 can be reached by direct dialling. Telex traffic has continued to grow and, in the year ended 31st March 1954, totalled about 500 million

BT international provides about 5.00 international leased private circuits and, in competition with continental relecommunication networks, provides an estimated 55 per cent of the private circuits between Europe and North America. Other international services provided include da transmission, including the packet switching service, facsimile transmission, satellite relay tacitries for relevision, videoconferencing, the design, installation and maintenance of private networks and consultancy services. Satstream is a recently introduced private leased service. using satellities and small dish earth terminals. The expertise and equipment of British Telecom are markeled overseas by Telcousuli and Teletrade.

5T International's maritime services provide telephone, letex and telegram services to ships at sea via tadio links and through the inmarsal satellite system. Services are also provided to

offshore oil and gas production platforms

BT Interpational also represents British Telecom's interests in United Satellites Limited, a consortium formed with a view to establishing a system for direct broadcasting from satellites. International Agreements

 The division has responsibility for British Telecom's membership of international consortia
which provide, own and maintain submanne cable systems, it is also involved in various
international telecommunication organisations and maintains bilateral relations with other telecommunication operators worldwide to loster and improve international services.

Some of British Telecom's activities fall within the scope of a number of international freaties; under these treaties. HM Covernment has certain obligations and responsibilities in relation to relecommunications and, in a number of cases. British Telecom is also party to arrangements made under them. Bruish Telecom acts as United Kingdom signalory for the operating agreements of the Intelsat, Eutelsat and Inmatist international satellite organisations which supply global. European regional and maritime satellite services respectively. The United European is the second largest shareholder after the United States in the Intelsat system, the joint largest with France in Eurebai and the third largest, after the United States and the USSR, in Inmarsal

Revenues are derived from outgoing calls made by customers in the United Kingdom and from receipts from overseas telecommunication administrations for incoming Itallic which use the facilities of British Telecom. In turn, British Telecom makes payments to overseas administrations for the use of their facilities. The rates for payments are agreed bilaterally, under the general auspices of the International Telecommunication Union. The practice amongst mmunication administrations is for payments due for the use of overseas networks to be recorded by the administration from which the call is made. Hitherto, British Telecom, in common with most other administrations, has been unable to check all the amounts due from other administrations, but additional equipment is now being installed which will greatly increase the ability to record incriming traffic. The currency in which payments are denominated is agreed bilaterally. British Telecom's exposure in foreign currency under these arrangements only arises on any imbatances between the value of incoming and outgoing traffic with overseas telecommunication administrations. As a result, Bittish Telecom's profits have not been materially affected by movements in exchange rates.

BT Enterprises

BT Enterprises includes Merlin and Consumer Products which supply, principally through other divisions, a range of customer apparatus procured mostly from outside manufacturers. Also included are Mobile Systems and Services, Value Added Systems and Services and Brush Telecom Factories (Telephones), the external activities of these three groups together accounted for about two per cent of the lurnover of British Telecom in the year ended 31st March 1984. BT Enterprises has about 3,000 employees Merlin (Business Products and Systems)

Met lin develops, procures and markets business products and systems generally supplied by outside manufacturers. Some products are supplied exclusively but most are sold by other suppliers and, in certain cases, directly by the manufacturer. As well as business telecommunication systems, teleprinters and data communications equipment which are mainly distributed by LCS, Mertin has begun to supply office automation products and services.

The range of business systems introduced to the marker by British Telecom in the last five years covers the needs of the smallest to the largest businesses. Products including Herald and Monarch offer advanced features such as abbreviated dialling for frequently used numbers, call diversion and automatic recall from busy extensions. In the year ended 31st March 1984, Merlin sold 75,000 such systems through LCS and National Networks. Consumer Products

Consumer Products develops, procures, markets and supplies telephones and related

equipment for the consumer market, generally obtained from outside manufacturers, mainly through LCS but also through major high street chains, independent retailers and other outlets. The major products are dial telephones, either new or refurbished, and push button electrotelephones. The range has recently been extended to include sophisticated electronic and decorative telephones, including the Sceptre 100 which incorporates a visual display, a call timer and a clock and memorises up to ten numbers, the newly launched Stimlet one piece telephone manufactured by Bruish Telecom, and the Hawk cordless telephone. In addition, Consumer Products sells related equipment including answering machines, meters, callmakers and a range of small electronic switching systems for the home or small business. Some of these products are exclusive to British Telecom. Mobile Systems and Services

Mobile Systems and Services operates national radiopaging and radiophone networks and provides learningly for rent and sele, and services using these networks. Connections to its national regropaging network have grown more than four-fold since 1981 and, by 31st March 1984, there were more than 200,000 pagers. The existing manual radiophone system will be closed in 1985 but the automatic radiophone system is continuing to grow. There were about 11,500 subscribers to these services at 31st March 1964, British Telecom owns 5t per cent of Telecom Securior Cellular Radio Ltd. which is licensed to operate a cellular radio system; this is known as Ceilnet and is marketed by Mobile Systems and Services and others. Value Added Systams and Sarvices

By lar the largest element of this group of services is Yellow Pages which is the biggest directory advertising medium in the United Kingdom. In the year ended 51st March 1964, CI million copies were distributed free to telephone users, with revenue coming from about 200,000

Presiel is a public viewdata service supplied over the telephone network, offering to both business and residential customers a wide range of computer-based information and nunication services. The principal business services are Prestel Travel for travel agents and Presiel Cluserince for the investment community. The main residential services are Presiel Microcomputing for home computer users and Homelink which provides home banking facilities.

The National Data Processing Service provides computer services to cargo, air freight and other industries Tiew Information Services develops and supplies interactive and other services mainly for use over table systems. Spectrum's services, many in the early stages of development, include electronic mail, alarms and security services, telephone answering services and telephone marketing services.

British Telecom Factories (Talephones) With about 1,000 employees, it manufactures and refurbishes telephones. Almost all the

output is supplied to other parts of British Telecom, mainly Consumer Products. The manufacture of the new Stimtet telephone is a recent development, and these are now being produced at the rate of 8,000 a week.

Development and Procurement

This division, which has about 10,000 employees, is divided into two groups, one responsible for research and development and the other for procurement. Most of the research and development is conducted at the British Telecom research establishment at Martlesham, Suffolk: where about 2,400 staff are employed, it is widely regarded as one of the leading relecommunication research centres in the world Rasearch and Development

Firesh Telecom's rotal costs for research and development were £159 million, £170 million and £179 million respectively in the three years ended 31st March 1994. Somewhat over one third of this was contracted out to industry and to universities. Of the work done by Ernish Telecom, the majority was undertaken by this division, although the other divisions do some mainly short-term development work on existing systems. All research and development activity is co-ordinated by a planning committee of sector management staff.

The principal categories of the total expenditure in the year ended 3(s) March 1964 were

about £90 million on exchange systems, primarily the new digital network including System X. 130 million on transmission and £30 million on customer systems and services. These proportions are not expected to be the same in future years, since the peak of research and development expenditure on System X is now past. However, the percentage of turnover devoted to research and development is expected to remain approximately the same, but with greater emphasis on the expanding fields of information technology equipment and services for the home and office.

In recent years, British Telecom's research activity has led to many important advances in the field of relecommunications. Among these advances are the work on the principles of time division multiplexing which made possible the development of the digital telephone exchange, and the 'voice guidance' service which instructs customers how to make easy use of the advanced facilities on System X. Much of the equipment for Satstream, the bigh-speed satellite data service, was designed at Maillesnam, along with the new terrestrial radio system needed for fulostream and Megapiream. Netronal Networks' private circuit services. British Telecom played an important role in the development of a video system which compresses the bandwidth of television.

signals and has allowed a transallantic videoconferencing service to be opened. Research at Marriatham also fed to the Presial strendard system, which received the Queen's Award for Technology in 1954, the Monarch digital private branch exchange, which received a Design Council Award in 1993, and the new Sceptre and Shmiel relephones. British Telecom is recognised as a model leader in optical fibre technology and associated devices. Marrieshem has also developed long life transistors and injegrated chounts for undersea cables where extremely mah slandards of reliability are recurred.

The producement group it responsible for the purchase of major systems and for the purchase, warehousing and distribution of a wide range of telecommunication engineering and other stores. The group has fectories with about 2,500 employees which are responsible for the production of tiems, such as text capaparent, almost all of which are supplied to other divisions of British Telecom Three Correct European menufacturers supply the majority of Eritch Telecom's equipment The General Elemen Couple (TEC), the Plessey Couple (Pyrasey), and Standard Telephones.

and Cables ptc 19701. Bright Telecom estimates that in the year ended Stor March 1984, out of populates empuring to £1,745 million revoluting certain compacts with a value of less than \$1,000; such contracts totalled about \$340 million with GEC, \$350 million with Pleasey and £200 nullion with 5.0

In 1980, the arrangements for the development and manufacture of corrain exchange supplied to British Telecom by these three main United Kingdom suppliers changed. STC withdrew from the System X programme and in practice became the principal manufacturer. for subsequent orders of the large TXE (TXE)A) exchanges with an agreed minimum amount of orders. A further change was that British Telecom undertook, for the following tive years, that if it were to place orders for digital exchanges for the intand network, and if Flessey and GSC provod to be satisfactory suppliers for Evidem X, it would place with them very subplantatorders, pursuent to individual purchase orders, some 400 System X exchanges have now been projected. Although these have been delays in commissioning the first production models of the latest type of Eystem X exchanges, british Telecom expects the delivery programme of trunk and local exchanges to accelerate rapidly and reach maximum volumes in the year ending that March 1967, in addition, Stritch Twiedom intends to introduce an alternative supplier for diginal Switching equipment and has invited three other manufacturers to tender for the supply of equipment that would meet performance apecinications comparable with those of System X.

In all major areas of producement. Eithigh Telegom considers that there are sufficient. afternative manufacturers to make it unlikely that interruption of any one course would cause more than a temporary delay to its plans, short-term disturbance of its operations by such an interruption could be reduced by expedient measures

Bruish Telecom may seek equipment internationally where appropriate in order to provide an efficient and competitive service, although it will always have regard to the benefits of

As with other relecommunications operators within the EEC, it is likely that Entitch Telecom's producement policies will be influenced by new EEC Recommendations encouraging the liberalisation of European telecommunication equipment supply. The practical effects of this use as yet difficult to predict.

Broadband Services

British Telegom has for some years provided cable TV to sig towns in the United Kinadom. It has shareholdings in five of the cleven pilot cable TV vertices. Providing a Serviced are managed separately from the other divisions under the Dir. Sec. to Perceiped and Corporate.

International Comparisons British Telecom operates one of the largest follophone to two in the world. As above in the table below for 1960. It the United States had by far the largest potwork, atticush the highest

	faunsber of	Warnter of	Number of
	imes in service (millions)	lates in service per 100 pepulation	is to phonocolor (mitacus)
United States of America	95	41	15.2
Japan	42	15	б.
Federal Republic of			
Cermany	23	::	- 1
France	39	36	2.0
United Kingdom	20	√5	7.1
lialy	15	26	
Canada	23	42	1.7
Spain	5	21	t
Australia	ē.	26	ь;
liether lands	₹	: :	<i>5</i> 2
Sweden	5	60	i

Note: The table gives data derived from information published by oversean administratio relating to various dates between December 1960 and June 1960 (Unit of English March 1963). being the latest liquies available to enable comparison to be made between the restorns of certain major economies.

The wide variation in penetration reflects differing economic conditions. Untile and use if patterns, but the comparisons indicate that the level of pencitation in the Distoid bury 2 int was similar to that of several other European countries but below the level of florth America

As regards calls and calling rates, on which less information is available, the number of calls per line in service to the United Kingdom was about one third of the number of theth America. and was broadly comparable with Australia, Japan and most of the other European countries for which information is available.

Prices

British Telecom's turnever is mainly derived from calls and the supply of curlomers' lines. and apparatus. The price signification for call charges is complex, varying with distance, duration, route and time of day, although based on a uniform unit charge of 4.7 period. The quarterly rental for residential lines is £15.15 and for business tines £23.50, a quarterly rebute of up to £3.84. is granted to residential customers with low usage of the telephone. These prices reflect the

In the past, prices for the Corporation's services were set in the light of financial targets agreed with Hbl Government, and following consultation with the Post Office Users' National Council, Now, Strush Telecom operates under a number of licences, the most important of which is the Licence granted under the 1964 Act to run its public telecommunication system, described under "Regulatory and Competitive Framework" below.

Under the Licence, there are restrictions on the extent to which the Company can increase the prices of some of its telephone pervices until 31st July 1969. The price control covers business and residential line rentels and subscribers' dialled inland calls taken together, which British Telecom estimates represented 55 per cent of turnover in the year ended 31st March 1994. In any of the five years beginning 1st August 1964, the weighted average increase in prices. charged for these services must be at least three points below the percentage increase in the retail price index over the twelve months ending on the previous 30th June (RPI-31) For the purposes of calculating the increase in these prices, each item is weighted in proportion to the contribution it made to the Company's total turnover in the previous financial year. Provision is made for any permitted increase foregone in the year to be carried forward for two years. If the retail price index increases by less than three per cent or falls, the Company is obtiged to fower That are no neuro control on any plamate of international case from public call boxes, apparatus supply, private circuits or other services, which together account for the balance of furnever,

In addition to the control provided by the Licence, the Board of the Company has said that during the same five year period it intends to hold increases in the rental for residential lines (which british Telecom estimates represented 12.5 per cent of turnover in the year ended 31st March 1964; within a ceiling of two points per annum over the percentage increase in the setail price index (RFI-0% the Board further intends during that period to continue to give rebates to los volume users, broadly comparable in overall injurical effect to the present (cheme.

Control of prices through the Licence after Msr July 1989 would sequire a licence modification either agreed by the Company of imposed on it on the grounds of public interest under the 1964. Act as described below under "Fegulatory and Competitive Framework". Subject to these controls, British Telecom's pricing policy is gradually to adjust prices for its

various services in line with costs and to price its products competitively. Prices for line rentals and local calls have risen in the period from January 1980 significantly more than those for trunk calls, while prices for some international calls have been reduced over the same period. The price control provided by the Licence and the concomitant statement of intention made by the Board of the Company are not expected to impede the application of the Company's pricing policy in accordance with the policy. British Telecom announced on 5th October 1964 certain price changes that came into effect from 1st November 1964. For example, residential line tentals increased by 1.1 per cent and prices of total and international dialled raits by 6.8 per cent, white prices of dialled trunk calls were reduced on average by 5.3 per cent. The minimum charge for calls from public call boxes was raised to 10p. The increase in the prices governed by the Licence was 0 1 per cent lagainst a rise of 5.14 per cent in the telait price under in the twefve months ended 30th june 1984.

Supplementary Financial Information

Emist Telegram is primarily a unitary business. Whitsi degrain costs may be directly attributed. to an individual service, the majority of British Telecom's assets and costs relate to the provision of the main inland felecommunication network. The costs incurred in the operation of this network are for the common benefit of all the services which make use of all Nevertheless. British Telecom has carried out a detailed review to enable those cools that are not directly attributable to a single service to be allocated to services on bases considered by management to be appropriate. The attribution of such cools and of some dategories of income is carried out by statistical apportionment and involves a degree of judgement. The results are not susceptible to audit and chould be treated as indicative only.

Unaudred estimates of financial results by service for the years ended 31st March 1993 and 31st March 1964 prepared on this basis are set out below. It should be noted that the categories

of service do not align with the organis	ational signetu	ue of the Comp	any.	•
		Year ended	Bist March	
	1	383	3	984
	Turnever	Probabless:	Turnover	Profit (loss)
	£m	Ĺm	Ĺ'n	£m
Inland Servicas				
Public Telephone Service:				
Telephone rentals:				
business	334		350	
residential	867		908	
Subscribers' callo Apparatus	2,547 791		2,705 854	
Whitererra		1.233		1,155
	4 559	1,235	4.5	1,125
Public call boxes	97	(50)	103	.501
Private circuits, telex, miscellaneous	617	90	672	108
Total Inland Services	S,273	1,273	5.651	1,013
International Services	1,141	307	1,225	301
Total .	6 414	1,590	6 976	1,514
Less: net interest payable		549		544
Profit after Interest		1.031		390

Telephone tenials represent rental charges for each line in service and the first telephone on customers' premises, and connection and installation charges. Buttoh Telecom clausifies its

customers as those with business lines and those with residential lines. Subscribers' calls comprise all local or trunk calls made on either business or reordential lines,

including calls made from remed purphones, and other cervices that use the public relephone network. These do not include the inland element of international telephone calls Apparatus turns ver is derived from the supply, sales and rental installation and maintenance of telephone and telex equipment with the exception of the tental of the first telephone on

customers' premises and from apparatus attached to private leased circuit. Public call boxes turnover comprises local and trunk calls made from call boxes operated by British Telecom. Call income includes credit calls, heephone and reverse charge calls made

from call boxes, as well as the cash collected from containers. Private directis lefex and micrefianeous covers all other inland services provided by Errich Telecom including private leased circuits, telex rental and call charges and value added systems

and services, and other operating income.

International services comprise all international telephone, telegraph and telexicalls made from the United Minddom, all international leased origin turnover, and rurnover derived from other international pervices such as maritime and offshore telecommunications, they include the inland element of international felephone calls. Also included are the amounts derived from overseas. administrations for telephone and telex calls made to the United Kingdom from overseas Since the publication of the annual accounts of British Telecom for the year ended 31st March 1994, a veryew of the pasts of allocation of turnover and results to certain services has led to certain figures being restated so as to provide a greater degree of accuracy.

D. Regulatory and Competitive Framework

in recent years, there have been far-reaching changes in the legislative and regulatory framework for telecommunications. A system of regulation has now been adopted, designed to ensure that all reasonable demands for relecommunication services, including in particular certain socially important services, are mel, that operators are able to linance the provision of these services, that customers are provided with a variety of good quality services at reasonable prices, that competition is encouraged and that various specific objectives relating to internanonal services and the supply of apperatus and services are met.

Under the 1984 Act, a licence is, in general required for the running of a telecommunication system. Responsibility for licensing rests with the Secretary of State, after consultation with the Director General of Telecommunications (the 'Eurector General'), although he may delegate that responsibility to the Director General, a new office whose functions were established by the 1984 Act. The Secretary of State can thus retain control of the number of major relecommunications operators and the way they are licensed. He also retains certain powers to give directions to those who have been designated as public telecommunications operators in the interests of national security and international relations.

The Director General is responsible for enforcing licence conditions and may make orders. enforceable in the Courts, requiring compliance, contravention of an order can also result in a liability for damages to third parties. He is also responsible for monitoring the relecommunications market, investigating complaints about services or apparatus and exercising certain functions under the Fair Trading and Competition Acts in relation to telecommunications. On 7th November 1964, he announced the publication of a consultative document on the promotion of effective compension in the supply of relecommunications apparatus and related services by public

The Director General may modify licence conditions with the licensee's agreement and must impose modifications if, following a reference by him to the Monopolies and Mergers Commission, the laner considers any matter to operate against the public interest and recommends a modification, in either case the 1984 Act provides for prior public consultation. The Secretary of State may prevent modifications but only in the interests of national security or internation relations and can require any agreed modification to be referred to the Monopolies and Mergers Commission. He may also give the Director General general directions as to the matters to which he is to have particular regard. The Secretary of State may also be involved in determining whether the functions under the Fair Trading and Competition Acis referred to above should be exercised by the Director General or the Director General of Fair Trading and has the power to veto investigations by either Eurector General or references by them to the Monopolies and Mergers Commission under these Acts. Subject to the above, the Director General, the Director General of Fair Trading and the Monopolies and Margers Commission are independent of the Secretary of State and consequently the manner in which they may be carrying out their functions is not necessarily known to the Secretary of State.

Both the Secretary of State and the Director General have a duty to act in the manner best calculated to secure, so far as practicable, the provision throughout the United Kingdom of telecommunication services which satisfy all reasonable demands for them, including certain community services, and the ability of operators to finance those services. Subject to this duty, they must exercise their functions to achieve various other objectives including the promotion of the interests of United Kingdom consumers in the price, quality and variety of services and apparatus, the maintenance and promotion of competition and the promotion of research and development. The Monopolies and Mergers Commission must also have regard to all these maners in considering any licence modifications referred to it.

The Director General

The first Director General, Professor Bryan Carsberg, a Chartered Accountant and Professor of Accounting at the London School of Economics, was appointed by the Secretary of State for a three year period from 1st July 1984. Professor Carsberg had previously advised HM Government. on telecommunications maitets.

The Director General is supported by the Office of Telecommunications which has a staff of about 80, including its own technical advisers, with access, where appropriate, to external

Wireless Telegraphy Act 1949

The Wireless Telegraphy Act 1949 requires users of radio, including microwave and satellite, to be licensed, licenses under this Act may be revoked or varied at any time by the Secretary

Brinsh Telecom operates services using radio under licences issued under this Act on which British Telecom's trunk and international systems are dependent. A comprehensive licence covers all British Telecom's fixed terrestrial and salethie links and also its maritime uses of radio. Its radiopaging services are covered by a separate licence. British Telecom's radiophone service, currently covered by the comprehensive licence, is to be separately licensed.

HM Government has indicated to British Telecom that under the provisions of section 74 of the 1994 Act it is prepared to amend British Telecom's comprehensive licence to include terms restricting the exercise by the Secretary of State of his power to revoke or vary it. Any such amendment might specify a period of nonce or security of tenure, the licence would however need to continue to permit the Secretary of State to vary or withdraw frequencies without British Telecom's consent because of, for example, underubbsation of the radio spectrum, promotion of technological development, the need to accommodate fairly other radio users or the maintenance of consistency with the Licence if it were to be modified and will be subject in any case to the Secretary of State's statutory tight to vary or withdraw (requencies because of overriding considerations of national security or international relations

HM Covernment is considering what new land mobile radio services might be licensed to use a part of the radio spectrum becoming available from 1985. These services might compete with existing cellular radio operators, although HM Government has said it will have regard to the laner's public service obligations and investment already undertaken in reacting its decision. In addition, the overall availability of such services may mean that after 1969 the frequencies used by British Telecom's existing radiophone service could be allocated to other uses.

A feasibility study is shortly to be commissioned by HM Government on the possibility of introducing in the future some form of pricing for the radio spectrum in place of or in addition to the present license fee basis. The Directors are unable to take account of this possibility in considering the Company's prospects. It is the view of HM Covernment that it is not certain that such pricing will be introduced and that, in any event, any change in the cost to British Telecom of spectrum is unlikely to be material, in the context of British Telecom's financial position, in the next three years at least.

The Licence

British Telecom operates under a number of licences granted under the 1984 Act the most important of which is the Licence to run its public relecommunication system.

The Licence contains terms and conditions designed principally to ensure the provision of widespread telecommunication services and to encourage the development of effective competition. It also contains provisions enabling the Director General to monitor the Company's

The Company is required by the Licence to provide telecommunication services, including rural and international services, throughout the United Kingdom jother than in the area where services are provided by Kingston-upon-Hull City Council or, in certain circumstances, where services are provided by another operator) which satisfy all reasonable demands, to the extent that it is practicable to provide them in addition, the Company is obliged specifically to provide certain pervices including the '999' service, certain facilities for the disabled, directory enquiries and, save in limited culcumstances, the existing public call box facilities. In order to enable the Company to comply with its obligations, special powers under the 1984 Act are given to it to install telecommunication apporatus both in streets and on private land subject to certain exceptions and conditions which can be modified by the Secretary of State under the 1994 Act.

In addition to the constraint on prices during the first five years of the Licence referred to above, the Licence contains a number of provisions to ensure that the Company's dominant position does not operate against the interests of consumers or competitors. For example, the Company is required to publish standard terms for providing certain services, and for a limited period to make a uniform charge for the maintenance of exchange lines for premises served by a single line and to apply a published scale of charges for installing residential exchange lines on premises to be served by a single line. Other provisions impose commercial constraints on the Company, including prohibiting the Company from showing undue preference to or discrimination against others for services it is bound to provide or unfairly favouring any part of its own business, restricting the cross-subsidy of certain parts of the Company's business other parts of British Telecom and recirioung the Company's ability to impose linked sales on customers and certain exclusive dealing arrangements on suppliers.

The Licence also contains terms designed to give effect to the liberalisation of the supply of both relecommunication apparatus and services. The Company must permit the connection to its system of any other appropriately licensed system in the case of certain special systems. providing services to the public the connection must be made in such a way as to enable any customer of either system to communicate with any customer of any other system connected to the Company's network. In the case of Mercury Communications Limited ("Mercury"), and public referommunications operators running lines more than 50 kilometres long, the connection must be made in such a way as to enable customers of each system to choose the extent to which their ssages are carried along each system subject to practical considerations. If the Company and the operator of the other system cannot agree on any aspect of the terms of the connection, the Director General may impose terms relating to that aspect within specified guidelines. These are designed to ensure fair competition and a balance between the operators, but also to enable the Company to recover costs plus a reasonable profit for anything done pursuant to the interconnection, and to ensure that the Company remains able to finance the other services which the Licence requires it to provide. The Licence also permits the Company to levy uniform additional interconnection (access) charges on other operators to recover a portion of its costs incurred in providing certain obligatory services. In addition, the Company has to connect to its system any apparatus which meets independent approval standards rand which is appropriately licensed) on standard terms and conditions, and in due course, to install separate witing for its network and for customers' apparatus in customers' premises so as to enable private

systems and apparatus to be separate from the Company's system.

In order to enable the Director General to monitor its compliance with the Licence, the Company has to supply him with such information as he may request concerning its activities, to notify him in advance of any joint ventures and to maintain segregated accounts for certain. parts of its business. Any substantial production of apparatus is required to be carried on in a

The Licence gives the Director General important discretions in delermining the extent of the Company's obligations under the Licence and other discretions relevant to its operations. It is revocable by Ien years' notice given after 3rd August 1999 and may also be revoked at any time on various grounds including non-compliance and the liquidation or insolvency of or Cessation of husiness by the Company.

Competition Policy of HM Government

On 17th November 1983, the Minister of State for Industry and Information Technology outlined in the House of Commons HM Covernment's policy, sizned in 1981, of seeking to introduce competition into the three main sectors of the telecommunications market; the supply of apparatus for connection to networks, the provision of services over networks and the running

As part of the continuing policy of introducing competition into the supply of apparatus, the Minister described the developing arrangements, independent of British Telecom, for setting standards under the British Standards Institution and the related approvals system for apparatus under the British Approvals Board for Telecommunications. He drew particular attention to the ending from the end of 1984 of Brinish Telecom's right to supply the first religionne to customers and, over a period, of its right to maintain certain types of call rouning apparatus,

As far as public negatiks were concerned the Minister collined HM Government's proposals to grant timefree to British Telecom, Measury and the Europation spin Holl Cov. Council He baid that HM Government did not strend to occase times operations to provide the basid. telecommunication parvice of conveying messages over fixed links, whether cable, tadio or satellite either domestically by internationally until November 1885

In the field of more specialized rejection unication services, the Minister stated that HM Covernment had already Loensed that had one call of matter from the rapid telephone networks both of which have to cover 90 per cent of the pipulation of the United Employm by 1990, as described above under ET Enterprises), the Company is a participant in one of these bronsees. The Minister stated that HM Government would cranidar prestate further code selectmentation literaces. when additional bands of frequencies perame available and would veep under consideration

ways of introducing new specialized services by sareline.
On the development of broadband cable companies would be intended to offer a full range of telephonomics in services would be intended to offer a full range of telephonomics in a services within their libensed areas, though he drew attention to the qualification in the White Paper. The Development of Cable By stems and Services", that they would provide permitted to offer voice relephony pervices (and

date services in a number of existees pertired in association with the Company or Mercury. The Minister also collined EM Occurrance of prices on arrangements for interconnecting different felecommunication systems, and in perforder EM Occurrance; sustension that any subscriber to one public telecommunication system annulable able to call any subscriber to other public relecommunication statems.

On 20th July 1964, the Minutes made a further statement concerning resale, being the sale by lessees of capacity on private circinia leased from British Telecom. Mercury or fungation-upon-Hull City Council. This greature could in some informationes lead to the creation of competing networks. This compasts with the provision of capacity on private circuits for value. added services which had already been authorized to 1992 by a general licence. The Minister stated that as a general principle is made reside that is the sale of disparity on private discurs connected at both ends to public switting detectors. Would not be licensed before July 1969. In certain limited circumstances however at would be permissible for any person to use inland private arrays to link his premises to those of others. In audition to these limited exceptions which epply generally to all private systems, licentees may be granted to individual applicants whose proposals for private chomis standardardy enhance the economic performance or the multial business interests of a defined but closed group of users or which provide significant facilities not otherwise available, but writte purpose of main predictable effect is not to divert revenues from the public switched systems.

Loss of Immunity from Legat Proceedings
Under the British Telecommunications Act 1991 and for many years before that British Telecom provided services to the great mapping of its customers on the terms of a statutory scheme, rather than a contract. Accordingly, the customers could have no claim for breach of contract for services, although the Congloration has since 1991 been contractually hable for supply of apparatus and special directory entries. Among an 1971 in respect of the provision of telecommunication services and assembles apparatus and services were also precluded.

These immunities were repealed by the 1974 Act as that since 5th August 1984, the Company

has had a contractual relationship with all its customers and no longer has any immunity in fort In the opinion of the Board, it is not possible accupately to assess the likely effect of removing the immunity from legal proceedings in contract or fort previously enjoyed by British Telecom. However, the Board is of the opinion, as far as a day presently judge, that, having regard to, inter alla, the insurance arrangements make by the Company, it is unlikely that the hinancial position of British Telecom will be adversely affected to a material extent by the removal of the

A new licence granted to Mercury under the 1984 Act came into effect on 8th November 1984, superceding an earlier licence granted in 1983 to Cable and Wiraless pic to operate solely through the agency of Mercury. The new incence is broadly similar to the Licence granted to the Company, but differs from it in some significant respects. For example, because of its market sition Mercury is not subject to the restrictions on once increases which apply to some of British Telecom's services, nor is there a universal service obligation although Mercury is licensed to operate throughout the Utated Kingdom However, Mercupy is required within two years to provide certain services in the vicinities of fifteen out of a fist of nineteen places in England which include London, Birmingham, Eristol, Leeds and Manchester, and also within five years in the vicinities of Cardiff, Edinburgh, Glasgow and Swansea.

It, was stated in the last Peport and Accounts of Cable and Wireless pic that Mercury had started operations in the United Kingdom and was steadily extending its network both by microwave radio and fibre optic cable. Its first international service started operations in August 1964 following the commissioning of a satellite communications centre in London's dockland. It was announced on 14th August 1934 that Mercury is to become a wholly owned subsidiary of Cable and Wireless plc, which operates telecommunication systems in many overseas territories. The Chairman of Cable and Wireless pic spove of how his company could provide Mercury with the best possible base for Mercury's expansion one a major and profitable telecommunicompany before 1990. He said that completion and development of the basic network would continue as planned and was expected to cost £200 million.

Neither HM Government nor British Telecom has any direct knowledge of Mercury's plans or knows the extent to which these plans have changed since the statements were made As described above, under the terms of the Licence British Telecom will be providing for interconnection of its system with the Mercury system. An interconnection agreement was entered into in 1982 between British Telecom and Mercury which is being renegotiated in the light of the new regulatory regime.

E. The Assets of British Telecom

British Telecom divides its properties into two categories, general purpose and specialised. The 14 principal properties represented 19 per cent of the total historic net book values at 31st March, 1984. General purpose properties, which had an instoric ner book value of £334 million at 31st March 1984, consist chiefly of offices, store depots, computer centres and workshops. There are approximately 1,700 general purpose buildings of which some 1,000 are freehold, some 200 are on long leases and some 500 are on short leases. General purpose land and buildings were valued by professionally qualified employees of Furish Telecom on an open market value basis in the year ended 31st March 1984. This valuetion was not materially different from history net book value.

The specialised properties, which had an historic net book value of £1,036 million at that date, consist mainly of properties designed and located specifically for use by British Telecom logether with certain plots of land held for future development purposes. There are over 7,700 specialised properties, virtually all of which are freehold. Over three quarters of specialised properties house telephone exchanges, sometimes more than one in a building. There are also about two hundred radio stations, three communications satellite earth stations and a large number of small buildings for transmission equipment such as repeater stations. The largest single property is British Telecom's research establishment at Martiesham, Suffolk It is not ntended to carry out any professional valuation of specialised tand and buildings because of the need for their continued specialised use as part of Brinsh Telecom's operations.

Plant and Equipment

The principal categories of British Telecom's equipment are exchanges and transmission equipment. As at 31st March 1984, the numbers and types of telephone exchanges, which had an historic net book value of £3,450 million, were as follows:

Strowger	Local exchanges 3,708	Trunk exchanges 331	International exchanges
Crossbar	571	126	6
TXE	1,965	_	_
Digital	48	2	1
	6,293	459	

There are four major categories of inland transmission equipment; cabling with a net book value of £1,162 million at 31st March 1964, underground ducts for cables with a net book value of £1,011 million; repeater equipment with a net book value of £589 million; and radio equipment with a net book value of £85 million. In addition BT International has two large earth stations at Goonhilly and at Madley and a smaller earth station in London's dockland. It also has investments in 54 undersea cable systems and in three satellite systems.

Capital Expenditure

British Telecom's capital expenditure programme over the last five years, shown in the lable below, has been concentrated on the expansion of the network and the replacement of transmission and exchange equipment.

		Year end	ed 31st Ma	reh	
	1980	1981	1982	1983	1984
	£m	£m	Em	Em	£m
Land and buildings	125	135	150	169	159
Plant and equipment					
Inland transmission equipment	237	323	373	440	526
Inland exchanges	368	566	695	671	572
Other	257	226	288	270	276
	_				_
	987	1,250	1,476	1.550	1.533
	_	=		===	=

Note: Other includes international transmission equipment and exchanges, customer equipment, investment in satellites, majerials awaiting installation, motor vehicles and computers.

Some of British Telecom's capital expenditure programmes have been delayed because of late delivery of equipment improved procurement procedures, and widening of sources of supply, have led to a reduction in delays

Bruich Telecom's plans allow for capital expenditure of about £1,800 million in the current financial year and it expects to fund such capital expenditure out of funds generated from operations. British Telecom's plans for the next two to three years are for a broadly similar level

The modernisation programme which British Telecom is now undertaking involves the installation of digital transmission and switching throughout the whole trunk network during the 1980s, and replacement of electro-mechanical local exchanges by TXE and, increasingly, digital local exchanges over the next ten years. Modernisation will result in a trunk network of about 60 exchanges instead of the 459 shown above. Ordering of TXE exchanges will be phased out over the next few years as delivery of digital exchanges is increased. The limit prototype System X digital exchange was opened in London in 1980 and eight of this type are now in service or at the final commissioning stage. A developed retision of System X with improved performance has been introduced, the first of which opened in Coventry in 1983 and a further 400 of this type have been ordered, the majority of which are expected to be brought into service by the end of

1986. In addition about 50 UXD6 small local digital exchanges have been installed. Expenditure on transmission equipment has been concentrated on the re-equipment of the transmission network and on an increase in capacity. For the trunk network, a substantial proportion of the orders for cabling is for new high capacity optical fibre.

5/Profits and Financial Position

Financial information for the live years to 31st March 1984 is set out in more detail in the Accountants Report Throughout this period British Telecom was in the public sector and subject to stommount influence by HM Covernment Bullish Telecom operated in response to financial tal dets which were agreed with HM Covernment reflecting the relative importance attached by HM Covernment to the prices charged for services and products supplied by nanonalised industries, to the need for these industries to generate cash from operations to lineace investment

and to the need for these industries to operate efficiently. These arrangements no longer apply to British Telecom. The business of the Corporation. was stansferred to a public limited company and its balance sheet was restrictured on 6th August 1954 Freviously, the business was financed by medium and long-term government debt and there was no equily capital British Telecom is now financed by Ordinary Shares, the Preference Shares and the Loan Stocks. Furthermore, the Company now operates in a new regulatory and

The following table sets out the results of British Telecom under the historical cost convention: for the five years to 31st March 1984 which have been extracted from the Accountants' Report Also sel out are the unaudited results for the three months to 30th June 1983 and 30th June 1984.

	-			- '		Unax	tileci
						three m	onths
			٠.			- end	ed
		Year en	ded 31st	March		30tts)	
	1990	1981	1962	1383	1984	1983	1984
	£m	£m	£m	- Em	£m	· £m	· £m
Turnover							
Pentals	1.129	1.531	1.993	2,276	2,334	585	· 613
Calls Telephone	2,192	2,691	3,301	3,433	3.697	880	978
telex and other	230	233	276	299	292	01	81
Sales and other				•			
operating income	80	115	. 193 .	. 406	553	109	143
						· 	*
Total Turnover	3,601	4,570	5,763	6,414	6.876	1.635	1.812
							· · · ·
Operating costs,				0.071	2.715	660	
Staff costs	1,609	2,110 475	2,394 647	2,571 765	907	217	678 214
Depreciation	410	1,154	1.538	1.826	2,636	485	538
Other operating costs	928	1,134	1,330	1,000	2,036	103	
	2,947	3,739	4,579	5.162	5.658	1,362	· L430
Less, own work capitalised	(200)	(283)	(308)	(308)	खांक	(82)	(71)
Total operating costs	2,747	3,456	4,271	4,834	5,342	1.280	1.359
Prolit on Ordinary				- -			
Activities before interest	854	1,114	1,492	1.580	1,534	355	453
Net interest payable	537	544	556	549	544	138	. 134
Profit before Taxation and					-		
Extraordinary Items	317	570	936	1,031	990	217	319
Taxation		_		_	_	—	115
Extraordinary items	107	_	_	-	-	. —	<i>,</i> –
Net Profit	424	570	936	1,031	990	217	204

Results for the Five Years Ended 31st March 1984

From the year ended 31st March 1980 to that ended 31st March 1984, turnover increased by 91 per cent, and profit before taxation and extraordinary items increased by 212 per cent. The results for the three years ended 31st March 1983 benefited from the substantial price increases made to 1990 and 1991. The tall in profits in the year ended 31st March 1984 reflected the fact that prices of the main services were held steady or reduced in the two years up to Nov

Increases in turnover due to additional revenues from price changes were approximately 23, 17, 3 and under 1 per cent, respectively in the four years to 31st March 1984. Volume grow tihe increase in turnover attributable to growth in business volume) was approximately 5, 6, 5 and 8 per cent, respectively, which primarily reflected the continuing expansion of the network and the growth of the international telephone service. This reflects, to some extent, ch the level of activity in the economy. Gross domestic product, after having declined by 3.7 per cent in the year to 31st March 1981, increased by 0.1, 2.3 and 3.4 per cent, in the following

Operating costs increased by 26, 24, 13 and 11 per cent. In the four years to 31st March 1984 respectively. A significant portion of these are fixed costs which do not very substantially with the number of calls made through the system. Stalf costs comprise the largest item of operating costs. These rose by 31, 13, 7 and 6 per cent, in the four years to 31st March 1984 respectively, substantially all as a result of increases in wage rates. The rise in the year ended 31st March 1981 was particularly high reflecting a 20 per cent, basic settlement with unions in july 1980 and a further arbitration eward in their favour. Bacic wage rate increases in the following three years were generally commensurate with movements in the retail price index. Of the total staff costs of £2,715 million in the year ended 31st March 1984, £316 million were capitalised, reflecting sraff employed on construction-mainly on exchange and cabling projects

Depreciation increased by 121 per cent, during the four years to 31st March 1984 reflecting the substanual investment in the telephone network made in the period. Additional non-recurring depreciation charges of £104 million have been made for obsolete customers' apparatus in each

of the three years to 31st March 1984. Other operating costs include the provision to customers of lines and equipment, payments to overseas telecommunication administrations and accommodation costs. The largest element is payments to these administrations for outgoing calls which have increased by 153 per cent, to 153 million during the four years to 31st March 1994. Receips from overseas administrations for incoming calls, included in turnover, have increased by 155 per cent, to £513 million during the same period. Contributing to the increase of operating costs during the period was the expansion of the telephone system and, especially in the last two financial years, the cost of apparatus sold. The net interest charge has not fluctuated agnificantly during the five years as the level of

borrowing has not varied greatly and as most borrowings are with medium and long-term maturity dates with fixed interest rates. No United Kingdom corporation tax liability has been incurred in the five financial years.

because of the availability of capital allowances accruing from British Telecom's capital expenditure programme. No provision for deferred laxation was required and, at 31st March 1984, unrelieved tax losses amounting to approximately £1,200 million were available for offset against luture taxable profits.

Pro Forms Profit for the Year Ended 31st March 1984

On the assumption that the new capital structure adopted by the Company on 6th August 1964 had been in place for the whole of the year ended 31st March 1984, the pro forma profit attributable to ordinary shareholders for that year would be £1,038 multion (see Section C of the

Profit for the Three Months Ended 30th June 1984

The unauduted results for the three months ended 30th June 1984 are set out above. Turnover was 11 per cent, higher than in the corresponding quarter of the previous year, of which 7 per cent is attributable to continued volume growth. The profit before taxation of £319 million was £102 million higher than in the corresponding

period of the previous year. Contributing to this increase was the reduction in the level of pension

contributions from 1st April 1984 referred to below. The increase was also affected in comparison with the corresponding quarter by the ending of the exceptional depreciation charge for obsolete customers' apparatus in each of the last three years. The unaudited balance sheet at 30th June 1964 together with comparative figures is set out

in paragraph 11 of Patt IV.

Substantial changes to the basis of corporation tax have been made in the Funance Act 1984 enacted in July 1984. In particular, mainstream corporation tax rates were reduced from 52 per cent, applicable in the year ended 31st March 1983 to 50 per cent, in the year ended 31st March. 1984, and will fall to 45 per cent, and 40 per cent, in the years to 31st March 1985 and 1986 respectively and to 35 per cent thereafter. Allowances given in the first year on eligible capital expenditure will be reduced from 100 per cent, to 25 per cent, in stages over the same period, with allowances being given in the second and subsequent years at 25 per cent, on the balance brought forward.

The reduction in capital allowances is likely to cause accumulated tax losses to be virtually exanguished in the year ending 31st March 1985. The Company therefore expects to par mainstream corporation tax for the first time on its profit for the year ending 31st March 1986. In addition, for the tirst time, a provision for deterred taxation will be made in the accounts for the year ending 31st March 1985. An appropriate proportion of this provision (£115 million) based on an expected effective tax rate of 36 per cent, has been provided in the first quarter.

British Telecom will incur advance corporation tax on dividends payable and this will be offset against future mainstream corporation tax habilities.

6 Administration, Management and Employees

British Telecom is organised to provide a high degree of corporate co-ordination under the overall direction of the Board. The Chairman is the Chief Executive, and is assisted by a Deputy Chairman and a Vice Chairman who are executive Directors with responsibilities for co-ordinating all its activities in addition, there are three executive Directors with functional responsibility for finance, marketing and corporate strategy, and personnel, Legal and secretarial duties, property services, public relations activities and relations with the regulatory bodies are also organised on a corporate basis. The Managing Director, Development and Procurement, is also the Engineer in-Chief and has responsibility for co-ordinating technical activities and

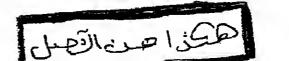
Brinsh Telecom's management has long-standing and varied experience of its core business of telecommunications, its management resources in information technology, marketing and innance have recently been supplemented by recruitment at senior levels, it is supported by a skilled workforce. More than 500 different training courses are provided in each year at about . 50 centres in the divisions,

Directors

The Directors of the Company are as follows:

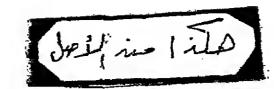
Sir George Jefferson (aged 63) is the Chairman and Chief Executive. He became the first Chairman of the Corporation in 1981. He was appointed Deputy Chairman of the Post Office in September 1980, prior to which he was a Member of the Board of British Aerospace and Chairman and Chief Executive of its Dynamics Group. He was previously a Director of the British Archaft Corporation Limited and is currently a Director of Babcock International plc.

Mr D Vander Weyer (aged 59) is Deputy Chairman. He was appointed Deputy Chairman of the Mr D Vander Weyer (aged 39) is Deputy Chairman, the was appointed Deputy Chairman of the Corporation in October 1983, having been appointed a non-executive Corporation Board Member in October 1981. He is the Director responsible for BT Enterprises. Prior to his appointment, he was Chairman of Barclays Bank UK and a Deputy Chairman of the Barclays Group in which be had worked for 42 years. He remains a Director of Barclays Bank PLC.



On

16th November 1934



Mr J Hodgson (aged 59) is Vice Chairman. He was appointed Vice Chairman of the Corporation in October 1983 having become a Corporation Board Member in 1981. He joined the Post Office in 1950 and in December 1989 became responsible for all its international and maritime. telecommunication services. From 1970 to 1977 he was also a non-executive Director of Cable and Wureless Limited.

Mr J Alvey laged 59) is Managing Director Development and Procurement and Engineer-in-Chief. He was eppointed to this post in August 1983 when he also became a Corporation Board Member. After 30 years in the Ministry of Defence Scientific Service, he moved in 1980 to British Telecom as Senior Director of Technology with responsibility for the development of future technology relevant to telecom

Mr R E G Back (aged S8) is Managing Director National Networks. He was appointed to this post in November 1983 when he also became a Corporation Board Member. He joined the Post Office in 1942, became Senior Director, Networks in 1979 and was appointed Assistant Managing Director in 1982.

Mr M Bett (aged 49) is the Director responsible for Personnel and Corporate Services. He is also responsible for Broadband Services. He became the Corporation's first Board Member for Personnel in 1981. He was previously the Personnel Director of GEC from 1973 to 1977 and the Personnel Director of the British Broadcasting Corporation from 1977 to 1961.

Mr A J Booth (aged 45) is Managing Director BT International. He was appointed to this post in November 1983 and to the Board of the Company in September 1984. He joined the Post Office in 1987, and became Director International Networks in 1979 and Director British Telecom London from 1980 to 1983

Mr J A C King (aged 51) is the Director responsible for Marketing and Corporale Strategy. He was appointed to the Corporation Board in January 1984. Frior to this appointment, he was a Director of Philips Internancial BV Business Communications Systems Division based in Holland. His previous experience includes the post of Marketing Director for ITT Business Systems UK and Director of ITT Business Systems and Communication Group Europe in Brussels.

Mr F D Perryman (aged 54) is a Chartered Accountant and the Director responsible for finance. He joined the Board of the Post Office as Finance Member in February 1981, and moved to the Corporation Board at its inception in 1981. Previously, he spent 33 years with the National Coal Board in their finance department, his last position being Director General of Finance.

Mr I D T Vallance (aged 41) is the Managing Director of Local Communications Services. He was appointed in 1981 to the Corporation Board as Member for Organisation and Business Systems and subsequently became Deputy Managing Director, Inland Division. He joined the Post Office in 1966 and held a number of executive postoons.

Mr J F Goble (aged 59) is a non-executive Director. He was appointed a non-executive Member of the Corporation Board in November 1983. He is a Solicitor and senior partner of Herbert Smith & Co. where he has spent the whole of his professional life He held part-time appointments with the Crown Agents for Oversea Governments and Administrations from 1974 to 1962 and was Deputy Chairman of the Crown Agents from 1975 to 1982. He is also a non-executive Director of Held United International Life. Holi Lloyd International plc.

Holi Lloyd International pic.

Sir George Macfarlane (aged 68) is a non-executive Director. He was appointed as a part-time member of the Post Office Board in 1977, moving to the Corporation Board in 1981. Until 1975 he worked in the Civil Service where his responsibilities included control of research programmes and of research and development establishments for the Ministry of Defence. In 1980 he was appointed to the Boards of the National Enterprise Board and National Research Development Corporation, now the British Technology Group.

Mr G D W Odgers (aged 50) is a non-executive Director. He was appointed a non-executive Member of the Corporation Board in August 1963. He is a Group Managing Director of Tarmac pic, where his principal area of responsibility is Group Finance. Prior to joining Tarmac in 1979, he was Associate Director (Finance) of GEC and before that the Director of the Industrial Development Unit at the Department of Industry.

Mr J M Raisman (aged 55) is a oon-executive Director. He was appointed in September 1984. He is Chairman and Chief Executive of Shell UK Limited. He joined the Royal Durch Shell Group in 1953 and has served in Brazil, Netherlands, Panama. Turkey and Japan. He is also a non-executive Director of Vickers plc and Glaxo Holdings plc

The Articles of Association require that the Chairman or other chief executive officer of the Company should be a British critizen within the meaning of the British Nationality Act 1981. They also empower HM Government to appoint two persons to be Government Appointed Directors; these are Mr Odgers and Mr Raisman

In the years ended 31st March 1983 and 1984, the aggregate emoluments of the Members of the Corporation Board were £453,640 and £489,010 respectively. Information concerning the service contracts of the Directors is shown in paragreph 3 of Part IV,

Brush Telecom had approximately 241,000 employees at 31st March 1984, of whom 10,000 were part-time. This total included approximately 33,000 management or professional staff, 114,000 technical and engineering staff (of whom 34,000 are technical officers) and 34,000 telephone operators and supervisors, with the remainder in clerical and other functions.

The number of employees reached a peak of 253,000 in March 1981, it has declined in

accordance with a policy announced in Spring 1982 for a 15,000 reduction in the March 1982 workforce of 252,000 over a three year period. By 30th September 1984, a reduction of 13,000 since March 1982 had been achieved, almost enurely by natural wastage and by early retrement, during a period of growth in the business of British Telecom. Approximately 90 per cent. of British Telecom's employees, including 80 per cent of managers, belong to five main unions which are recognised by the Company. These are the Civil and Public Servants Association (CPSA), the Communication Managers Association, the Post Office Engineering Union (POEU), of which more than half Briash Telecom's staff are members, the Society of Telecom Executives, and the Union of Communication Workers. The British Telecom members of the CPSA are expected to transfer to the POEU in 1985, Wage negonations with these unions have taken place annually during the summer. Settlements have been negotiated with these unions which added 5.2 per cent to pay rates from 1st July 1984. The Company would not expect these pay arrangements to change prior to the summer of 1985.

Over the lest feet years, there have been few instances of significant industrial action in British Telecom. In this period the number of days lost has been substantially lower than the

yearly average in British industry with the exception of 1982 and 1983 when industrial action was taken against Government policy on the privatisation of British Telecom and on the interconnection of Mercury with the British Telecom network. The 1982 industrial action consisted of a one day protest strike by about 60 per cent. of British Telecom staff. The 1983 strike action was by the POEU with up to 2,600 staff on strike over a period of 9 weeks but telecommunication services were maintained. The POEU has since complied with a court injunction not to prevent interconnection with Mercury. In 1979 selective strike action in the computer centres significantly delayed customer billing, seriously damaging British Telecom's cash flow. Alternative procedures able which will to some extent mitigate the effects of such action should it recur. In 1978, the POEU took limited action in support of its claim for a shorter working week until the issue was referred to an independent inquiry.

Following the reductions in staff numbers in recent years, further reductions are expected by the Board, offset to some extent by the staffing requirements of new business activines. Traditionally, there have been good retailions with the utions with well established arrangements. for consultation and negotiation. The British Telecom unions, like others, have continued to express their opposition to job losses (in particular to redundancies arising out of modernisation) coupled with their desire for a shorier working week. It is British Telecom's practice to explore, in consultation with the lunions; ways of dealing with surplus staffing including redeployment and consuments with the another, ways to desain given surprise stating distincting redeployment and retrievance. The sequence and nature of the procedures used are continuing to good with the POEU and other unions. British Telecom has a continuing commitment to good. communication with staff generally and with a view to belong the introduction of new technology

and organisational change. **Employee Share Schemes** The Company has established an employee share ownership scheme which is being operated in conjunction with the Offer for Sale. It has also adopted a savings-related share option scheme for all eligible employees and a share option scheme to be operated for a limited number of senior employees. Details of these schemes are contained in paragraph 5 of Part IV. It is inlended

to operate the option schemes shortly after the Offer for Sale. Following the division of the postal and telecommunications services of the Post Office, BTSSS was established with effect from April 1983 as a separate scheme from the Post Office Staff Superannuation Scheme (POSSS) which had applied to British Telecom stall until that time.

Most employees of British Telecom are members of BTSSS and are contracted out of the earnings-related State Scheme. The benefits provided for members at the age of sixty are in two parts, being first a lump sum of three eightieths of pensionable pay lor each year of service payable immediately on retirement, and secondly an index linked pension of one eightieth of pensionable pay for each year of service. The mannium pension normally available to member of the scheme is limited to one half of pensionable pay. The exposure of BTSSS to index linked increases is reduced both by the size of the lump sum and the fact that the indexing is not applied after the State retirement age to that element of the pension representing the State Guaranteed Minimum Pension. After this age, indexing of this element of the pension is effectively

Valuations of POSSS by its Actuary, R Wetson & Sons, have disclosed shortfalls relating to past service. An amount of £1,250 million, representing that part of the shortfall assessed at 31st March 1976 which related to service by both British Telecom and Post Office employees before Isi October 1969, was being met under a deed of covenant by a series of payments from British Telecom to POSSS terminating in 1992. From April 1983 these payments were apportuned between POSSS and BTSSS. The liability for these payments did not transfer to the Company in August 1984 but remained with the Corporation. This liability is referred to in the 1984 Act as the Excepted Liabilities

For the four years from 1st April 1979 to 31st March 1983 British Telecom paid to POSSS on the advice of the Actuary a total annual contribution of 21½ per cent of contributory pay. Of this percentage, British Telecom bore 15½ per cent, and the members 6 per cent. These contributions included additional contributions payable until 1992 which were expected to fund the remaining shortfall in POSSS after taking account of the payments under the deed of covenant. For the year ended 31st March 1984, on the advice of the Actuary to BTSSS, R. Watson & Sons, and iding completion of an mitial valuation, the total annual contribution to BTSSS continued at

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21½ per cent.

An unital valuation of BTSSS was made by its Actuary as at 1st April 1983 and a report was

An unital valuation of BTSSS longither. issued to the Trustees in August 1984. This valuation showed that the assets of BTSSS together with future payments under the deed of covenant were expected to finance 88 per cent. of the past service liabilities. These liabilities were assessed on a basis which look full account of future

earnings progression and pension increases.

In the valuation report, the Actuary concluded that greater stability in the overall level of contribution to BTSSS would be achieved if the 12 per cent, shortfall were to be met by contributions at a uniform rate over the working lifetime of the current members, a procedure commonly adopted to the United Kingdom, rather than over the fixed period to 1992. The Directors decided to implement these revised funding arrangements. The Actuary consequently recommended a reduction in the total rate of contribution from 21½ per cent to 15½ per cent. of contributory pay (of which 6 per cent. would commue to be met by the members) as being sufficient to meet all the habilities of the scheme, including the past service shortfall, over the future working lifetime of the existing employees. The reduced contribution rate took effect on

1st April 1984. Compared to the contribution rate paid by British Telecom to POSSS prior to 1st April 1983 and thereafter to BTSSS until 31st March 1984, there is a reduction of 12 per cent. In the rate required to finance future service liabilities. There is also a reduction of a per cent, in the contribution rate required to meet the past service shortfall, but the reduced rate will be paid over the working lifetime of the existing employees talker than over the fixed period to 1992. As a result of the April 1983 valuenon the overall contribution requirements for British Telecom

As a result of the April 1984 are lower than they were previously.

The Directors have reviewed the pension arrangements in the context of British Telecommoving out of the public sector. They have decided that staff who join the Company after 1st April 1986 should not have unrestricted gustranteed index-linked benefits. They are consulting the Trustees of BTSSS and the unions about the new arrangements to come into effect as from thus dave

7 Prospects

Current Trading and Profit Forecast

The unaudited results for the first three months of the current financial year ending 31st March 1965 showed turnover of £1.6t2 million and profit before texation of £319 million. Trading conditions since the first quarter have been satisfactory. The profit forecast is prepared on the basis that volume growth will continue at rates broadly equivalent to those achieved in the year to 31st March 1984 and in the first six months of the current financial period. The forecast takes into account the price changes in Movember 1983 and those announced for the current year. The lorecast also reflects depreciation charges at the current level and the agreed increases in pay rates. Increases in other operating costs are expected to be briedly in line with those of the previous year after allowing for costs of apparatus sales increasing with

On the assumptions set out in Part II, the Directors consider that, in the absence of unforeseen circumstances, the prolit before taxation for the year ending 31st March 1985 is unlikely to be less than £1,350 million. By comparison with the previous year, £104 million of the increase in profit is attributed to the ending of the special provision for depreciation of obsolete customers' apparatus, £40 million to the reduction in pension contributions and £160 million to lower interest

charges from August 1984 arising from the new capital structure.

On the basis of a profit before taxation of £1,350 million, after providing for estimated deferred. taxation thereon of £486 million and the cost of preference dividends of £41 million, the profit attributable to ordinary shareholders would be £623 million.

Pro Forma Prolit and Earnings per Share

If the new capital structure had been in place for the whole of the year ending 31st March 1925 (see Section C of the Accountants' Report), instead of from August 1964, interest costs for the year would be 151 million lower. On the basis set out above, the pro-forms profit before taxation for the year ending 31st March 1985 would therefore be £1,401 million. After providing for estimated deferred taxation thereon of £504 million and the cost of preletence dividends for the full year of £63 million, the pro forma profit antibulable to ordinary shareholders would be £834 million or 139 pence per Ordinary Share.

As almost eight months of the current financial year have already passed, the Directors expect to pay a smole dividend for this year which, in the absence of unforeseen circumstances, is expected to be 3.9 pence per Ordinary Share net (equivalent to 5.5714 pence per Ordinary Share inclusive of tax credit), payable in August 1985.

Subsequently, the Directors expect to recommend in respect of each year ending 31st March an interim and a final dividend which will normally be payable in February and September respectively. If the Offer for Sale had taken place at the beginning of this financial year and the new capital structure had been in place throughout the year, the Directors would have expected to recommend dividends totalling 65 pence per Ordinary Share net (equivalent to 9.2857 pence per Ordinary Share inclusive of tax credit) of which they would have expected to pay 2.6 pence per share as an interim dividend. Such assumed dividends represent a gross yield at the Offer for Sale price, of approximately 7-14 per cent. They would have been covered 2.1 times by the pro forma forecast earnings per Circinary Share of 13.9 pence shown above

Business Prospects in a Competitive Environment

The Board believes that the market for telecommunication products and services will continue to grow, that telecommunications will converge increasingly with computing and other information. services and that telecommunications and information technology will become increasingly an international business. British Telecom is responding positively to the stimulus of these developments while adapting to the new competitive situation, the new regulatory arrangements and rapidly changing lectrology.

In accordance with Government policy and the 1984 Act, these changes will be made in an increasingly competitive environment Competition will come not only from Meccury and the cellular radio networks but also, in due course, from a variety of sources, including the provision of telephone and data services by cable TV operators, from the unlimited resale of capacity on private circuits when licensed and perhaps from other networks. The precise terms upon which the new competitors will enter the market remain to be decided. However, the conditions of the incences of new operators can be expected to be less restrictive than those of the Company's Licence, as is the case with the new Mercury licence. In the longer term, Birtish Telecom may wish, in the light of the development of competition, to request the Director General to consider making a modification of its Licence

The Board is, however, confident that British Telecom's market share of network traffic will remain high. The Board believes that there is still scope for the enlargement of the telephone network in the United Kingdom, and greater scope for enhanced use of the network. It intends to stimulate use of that network by improving the quality of service, providing modern network equipment, making new facilities available through the network and on customers' apparatus, and giving close attention to customers' requirements. Because of the high proportion of fixed costs to running the existing network it is not expected that such extra use will give rise to commensurate operational cost. The Board will seek to take advantage of the growth potential of other telecommunications services, such as data, text and lacsimile communications.

in the Board's view competition in the local network is likely to develop slowly. However, LCS is preparing to face significant competition in some areas in due course. The trunk telephone and specialised services operated by National Networks face competition more immediately, limitally over the routes between major cities and for the largest customers. To meet this British Telecom is already bringing in new digital private circuit services and working to replace the present analogue trunk network by a digital network before the end of this decade. It is also developing an increasing range of modern, specialised communications and related services for business customers.

International services for both relephone and data communications offer opportunities for communed growth BT international should be well placed to face competition by varue of its experience in competing with other luternational carriers for transit traffic and private circuits. British Telecom will commue to sell into the new competitive market for customers' apparatus

and, through BT Enterprises, to develop and supply a range of technologically advanced products including business systems. British Telecom will compete in value added network services, some of which may become major businesses in their own right.

in support of these activities, the Board intends to maintain a strong research and development effort, building on the expertise of the Martlesham Laboratories.

The Board believes that there is scope for greater cost efficiency, both through better use of resources and through the benefit of new technology; the Board intends to introduce further modern equipment and to bring in improved management information systems, so as to identify and control more closely costs and contributions from particular services and operating divisions. Management will continue to discuss necessary changes with the unions concerned in order to mutgate any industrial relations problems which arise especially at the pace of modernisation

Brigsh Telecom is not subject to price ceilings under the Licence on services and products that currently provide over 45 per cent, of its turnover, in particular international services, apparatus supply, private curruits, data communication services and value added services. The "RPI-3" constraint described above applies only to a "basket" comprising telephone line rentals and subscribers' inland telephone call charges. This will last until 1989, with the possibility of renewal or of some other form of regulation. This form of price control protects the customers of these services but does not set limits to the Company's rate of return on capital employed. There is also flexibility within this "basker", subject to the pressures of competition and to the Board's intention not to increase residential rentals by more than "RPI+2".

The Director General has considerable discretion under the 1984 Acr and the Licence. An important factor in the impact on the Company of the new regulatory system will be the manner in which this discretion is exercised, and the manner in which the Secretary of State and the Director General exercise their licensing power.

The developments described above, and the move out of the public sector, ofter the Company new opportunities in growing telecommunication and information technology markets. The Board feels that there are good prospects for the future development of the business.

Part II

Assumptions and Letters Regarding **Forecast Profits**

The profit forecast set out in Part I includes results shown by unaudited accounts for the three months ended 30th June 1994, takes account of operating results for the three months to 30th September 1984 and is made on the basis of the following principal assumptions:

(a) There will be no significant change in the currently prevailing economic conditions in the United Kingdom, or in those overseas territories which are material to the international

turnover of Enrish Telecom There will be no change in United Kingdom legislation or regulations or actions by the Director General which will have an unexpected effect on the business of British Telecom.

There will be no material changes in any of the existing arrangements with overseas telecommunication administrations.

There will be no material increases in overtime, staff or other costs resulting from prolonged exceptionally adverse weather conditions. There will be no material abnormal stock obsolescence resulting from technological change

There will be no material change in the pattern of claims against British Telecom as a result of its loss of immunity from legal proceedings.

There will be no industrial disputes, or political or other disjutbances which would materially

affect the operations or turnover of British Telecom.

There will be no major interruption in the supplies of equipment or components to British Telecom or major damage to its installations or to those of interconnecting oversess.

There will be no majerial change in the current basis or rates of taxation

Letters

The following letters relate to the profit forecast for the Company for the year ending 31st March 1985:

Letter from Caopers & Lybrand

The Directors, British Telecommunications plc

2-12 Cresham Street, London ECZV 7AC.

The profit forecast of British Telecommunications pic, for which the Directors are solely responsible, as seriou in Section 7 of Part I of the Offer for Sale dated 16th November 1984. includes results shown by unaudited accounts for the three months ended 30th June 1984 and forecasts lot the nine months ending 31st March 1985.

We have reviewed the accounting policies and calculations adopted in arriving at the profit forecast, in our opinion the profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors set out in Part II of the Offer for Sele and is presented on a basis consistent with the accounting policies adopted by the Company according to the historical cost convention.

Yours truly. COOPERS & LYSPAND

Chartered Accountarils

Letter from Meinwart, Benson Limited and S. C. Warburg & Co. Ltd.

The Directors, British Telecommunications old.

0.12 Orestam Sneed,

London ECLY TAG.

Contlemen We have discussed with you and with Coopers & Librard the forecast of profit before toxagen of Artists Teleportimum regions plo ingether with the bases and assumptions upon which the lorecast is made, as set out in the Otter for Sale dated 16th November 1984. We consider that the profit forecast (for which the Executive are solely responsible) has been made after due. and careful enguiry.

Years faithfully.

For Kleinwort, Benson Limbed For the " Darrd Clementi

For S. G. Warburg & Co. Ltd. Michael Valentin Nichelas Fry

Part III

Accountants' Report

The Secretary of Crate for Trade and Industry. Coopers & Lybrand, Abodus House, The Directors, British Telecommunications public limited company, Onnet Lane. The Directors, Eleinwort, Benson Limited. Cheapoide The Directors, S. G. Warburg & Co. Ltd. London EPEV BAH

16th November 1964

Buildh Telecommunications public limited company was established to continue the business previously carried on by British Telecommunications, a statutory corporation, which in 1981 had assumed the telecommunications business of the Post Ollico, a statutory corporation reopensistic

at that time for both posts and relecommunications We have examined the audited account of the Post Office, which included reportely the accounts of the lefecommunications business, for the two years ended stot (farch that and of Ermith Telecommunications for the Inice years ended stot March 1984, Audited account have not been prepared in respect of any subsequent period. We acted as continuations of the Post Office, with periodial respectations for the telecommunications business, and as sole auditors of the Post Office, with periodial responsibility for the telecommunications business, and as sole auditors. of British Telecommunications. We are auaitots of British Telecommunications public finalest company. In this report we seize to the statutory corporation. Firstly Telecommunications, and Where appropriate its prederessor telecommunications business, on the Corporation and to british Telecommunications public limited company and its subtidiaries as Eriash Telecommunications

The financial information set out in this report is based on the audited accounts for the live years ended 31st March 1964, after making such adjustments to the audited account; as we consider necessary. The financial information has been repraied to reflect the bases of accounting currently adopted by British Telecommunications plc, as explained under Section A of this report, Accounting Policies.

Historical Cost Financial Statements

1980 and 1981 As a result of industrial action which disrupted normal accounting procedures for billing esumates were used to a significant extent in preparing the financial information set out in this report in respect of the year ended 21st March 1990 and it has not been possible to determine that there has been a proper allocation of results between the years ended 31st March 1990 and

Conventional fixed asset accounting procedures have been progressively introduced over the period covered by our report, but were absent to a cignificant extent in respect of the two years ended 31st March 1981. It has not been possible to quantily the adjustments which would be required to the profit and less accounts for the years ended 31st March 1380 and 1981 if the conventional accounting practice of writing plant out of the accounts at the expiry of its actual achieved life had been followed.

Because of the significance of these uncertainties we are unable to form an opinion on whether the financial information set out in Section B below, Historical Cost Financial Statements, gives a true and law view of the profil and source and application of funds for the years ended 31st March 1990 and 1991.

1962, 1983 and 1984

to our opinion the financial information set out in Section B below. Historical Cost Financial Statements, gives a true and lair view of the profit and source and application of funds for the years ended 31st Majoh 1962, 1963 and 1984 and of the state of attains at those dated

Pro Forma Financial Statements, 1984

Pro forma financial statements for the year ended 31st March 1984 incorporating the effects. provided for under the Telecommunications Act 1994, of 16) vesting the property highis and liabilities (other than the excepted liabilities described in Note 12 to the Historical Cost Financial Statements) of the Corporation in British Telecommunications pic and, (b) implementation of the new capital structure determined for British Telecommunications pic, are set out in Section C In our opinion, the Pro Forma Financial Statements have been properly prepared on the

bases set out in the notes thereto Current Cost Financial Statements, 1983 and 1984

Current cost financial statements for the two years ended 31st March 1984 are set out in

In our opinion they have been properly prepared, on the bases and subject to the limitations set out in the notes thereto, to give the information required by United Kingdom Statement of Standard Accounting Practice No. 16 (Current Cost Accounting).

Structure of our Report
Our report is set out under the following sections.

A Accounting Policies 5 Historical Cost Financial Statements

C Pro Forma Financial Statements, 1984 D Current Cost Financial Statements, 1983 and 1984

A. Accounting Policies

Changes in bases of accounti

The financial statements for all years presented in this report have been prepared using the bases of accomming currently adopted by British Telecommunications plc, which diller in certain respects from those which were applied by the Corporation in previously published accounts. Adjustments have been made to the results and balance sheets shown by previously published accounts in order to apply present policies consistently throughout the five years ended lifts The previously reported profit, the adjustments and the profit shown in these Snancial

statements can be summarised as follows. Year ended Fist March

	1990	1391	1983	1983	1984
	ន៍ពា	£m	£m	im	£π
Net profit as previously reported in the accounts	230	151	453	365	99
Costs previously capitalised now charged to profit and	loss accer	unl:			
Installation costs (note (a) below)	(27)	(57)			-
Other categories of fixed assets (note (b) below)	(76)	(45)	1131	22	-
Changes in depreciation:					
Supplementary depreciation (note (c) below)	361	516	541	626	_
Shortening of asser lives (note (d) below)	170)	(27)	150)	19	_
Profit reported in the Historical Cost Financial					
Stalements	424	570	936	1 031	990
Notes:			_		

ta). For the two years ended 31st March 1981 the unecoverable costs of installing connections to customers' premises, which were capitalised in the accounts, have been charged to the profit

and loss account as incurred. the For the four years ended 31st March 1983 expenditure on certain categories of fixed assets (including in parucular telephone iostruments) which was capitalised in the accounts, has been charged to the profit and loss account as incurred.

ct. For the lour years ended 31st March 1983 an additional depreciation charge ('supplementary depreciation"), made in the accounts in order to reflect the replacement cost of fixed assets, has been eliminated. This brings the policy into line with that generally adopted by public limited

(d) The estimated useful lives of a number of fixed assets were shortened in certain years, principally in the year ended 31st March 1984. Adjustments have been made to the previously. reported results for the four years ended 31st March 1983 to reflect the new asset lives. Had the accounting treatment required by United Kingdom Statement of Standard Accounting Practice No. 12 (Accounting for Depreciation, been followed, previously reported results would not have been adjusted. However, the Corporation concluded, with our concurrence, that, since the shortening of asset lives took place in the exceptional circumstances of the change from a statutory corporation to a public limited company, operating in a new regulatory environment, it was appropriate to depart in this instance from this accounting standard. Departures from an accounting standard are permitted under accounting principles generally accepted in the United Kingdom where, having regard to the circumstances, it would be mappropriate or give a misleading view to apply that standard

Since 31st March 1984 British Telecommunications plc has adopted the basis of accounting for finance leases set out in United Kingdom Statement of Standard Accounting Practice No. 21 (Accounting for Leases and Hire Purchase Contracts). No material adjustment is required to net profit in the five years ended 31st March 1984 from the application of this accounting policy.

Accounting policies

16th November 1984

We set out below the significant accounting policies adopted in arriving at the financial information in this report:

(i) Accounting convention

subsidiary companies are in aggregate wholly immaterial.

The financial statements set out under Sections B and C have been prepared under the historical cost convention and those in Section D under the current cost convention, as described Consolidated linancial statements have not been prepared because the operations of

Turnover comprises the value of all services provided and equipment sold to third parties and is exclusive of value added tax.

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2571

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221

103

503

211

139

303

1.826

2117

156

٤m

3,340

206

252 55

2,450

1,170 306

280

2 099

9,201

313

149

.3051

5 950

4,700

1,250

5.950

1984

2,239

£m

175

233

67

2.715

1984

£m

248

314

131

529

216

138

331

129

2,036

£m

35

19

54

56

255

395

212

575

31

544

1984

£m

7.050

(1.200)

5,850

3.050

1,680

107

12

43

72

359

9

198

575

549

361

Balance Sheets (iii) Operating costs Expenditure charged to revenue comprises the costs of providing services and selling We set out below balance sheets as at 50s March 1991, 1995 and 1994: equipment to customers including: (a) staff costs arising from the installation and maintenance of Ar Star March 1940 — 1940 revenue earning services, and to the casts of small value equipment and consumable nema. Nores (iv) Research and development ---Fixed Assets Expenditure on research and development is written off as incurred. Ter pible excets investments All interest is Lealt with through the profit and loss account. Total (Ned assets) 7.409 (vi) Foreign currencies Current Assets Assets and liabilities in foreign currencies, other than borrowings with exchange guarantees, are translated into sterling at year end exchange rates, and differences arising are dealt with Destre through the profit and less account Tribe exhicis ** Exchange risks on most foreign berrowings incurred by the Corporation before the transfer Accoués income. date (as idescribed in the introduction to Section C. Pro Forma Financial Statements), and on Presentations the related interest, will continue to be borne by HM Treasury under an exchange cover guarantee Specificant investments scheme. The remaining balances of such borrowings are translated at the rates of exchange Caso at pane and to hand 43 ruling when the original liabilities were incurred. 1.547 (vii) Tangible assets Tangible assets are stated in the Historical Cost Financial Statements at historical cost less depreciation, and in the Current Cost Financial Statements at replacement cost less depreciation, on the bases described in the notes thereto. Cost in the case of network services comprises Creditors: Amounts Falling Due Within One Year expenditure up to and including the last distribution point before customers' premises and includes contractors' charges, materials, direct labour and related overheads. Баричест Беложіада. Postign towns Degreciation is provided on tangible assets on a straight-line basis so as to write off cost over Lease Snance 750 their estimated exercitives. No depreciation is provided on freehold land. The lives assigned Trade creditts to tangiole assets are Other preditors including talation and somal security . T Appropriate Expenses 45 143 Yea:s Years Freehold buildings Telephone exchange equipment Deterred income Leasefield land and Strowger 6--- 30 : 603 unexpired postion of C: ossbar buildings Nel Current Assets (Liabilities) (32) whichever is shorter Digital tū Customer equipment Transmission equipment 3 — 4 Total Assets less Current Liabilities 7,407 45 -- 60 Other equipment including cableships, Creditors: Amounts Falling Due After More Than One Year motor vehicles and computers Cable 10 — **4**0 3 - 40HNI Coverament icans 3.75 Fadio and repeater Pateran Joans 4 — 35 154 Lease finance Included under langible assets are materials awaiting installation. These are stated at cost, 3 475 less provision for excess and cosolere items. The majority of items are used in the construction of new plant and the remainder for maintenance. When issued for installation, materials are 3,923 either added to the cost of specific plant or charged to the profit and loss account as appropriate. (viii) Investments 2,679 Reserves 15 Investments in communication satetline organisations are stated at the cost of British Telecommunications pic's share of the net assets of those organisations. Long-Term (Excepted) Liabilities 1,255 Deed of covenant to pension fund trustees Stocks comprise goods held to: resale, small value equipment mainly chargeable to the profit and loss account, and consumable items. They are stated at the lower of cost and net realisable 1,724 Notes to the Historical Cost Financial Statements 1. Total operating costs British Telecommunications pile has cover to certain limits for major risks on property and major claims in connection with legal habilities arising in the course of its operations. Otherwise (a) Staff costs comprise the following: British Telecommunications plo generally carries its own insurance risk; provision is made when Year entied Stat March i. Les Wages and salaries 1.515 1.725 1 24.2 Substanually all permanent employees of British Telecommunications pic are members of the British Telecommunications Staff Superannuation Scheme (BTSSS) which is, with a few 120 . 27 Pension contributions (Note 11) 124 160 The Actuary to the scheme and its predecessor scheme, the Fost Office Staff Superannuation Current service Scheme (PCSSS), advises the Trustees regarding the appropriate rate of contributions to fund all Sho: rfall 50 20 57 BTSSS liabilities. These raises of contribution are adopted by 8mush Telecommunications pic and are included within staff costs. 1,573 2,110 1134 (xii) Laases (b) Other operating costs comprise the following: Leases which transfer substantially all the benefits and risks inherent in the ownership of Year ended 31st March the property (finance leases) are recorded in the accounts as assets and as obligations to pay 1980 1351 1482 future rentals. Rentals applicable to lease agreements where substantially all the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred. Erro Σm System maintenance and support 140 150 200 Provision to customers of lines and Equipment acquired under finance leases is depreciated over the shorter of the lease term 146 equipment 51 76 and the useful life of the asset. Marketing and sales 27 61 (xiii) Deferred taxation Payments to overseas telecommunication Deferred taxation is provided in respect of all timing differences except where they are not expected to reverse. Timing differences erise mainly from the excess of capital allowances given for corporation lax purposes over the depreciation charge. Any provision for deferred taxation 107 Supplies and transport 215 150 105 is calculated on the liability method and is reduced, where appropriate, by lax losses. Buling and computing 133 Accommodation costs 169 44 279 109 130 121 B. Historical Cost Financial Statements 1,538 923 1,154 (c) Other operating costs include the following amounts for rental costs relating to operating Profit and Loss Accounts We set out below profit and loss accounts for the five years ended 31st March 1984: Year ended 31st March Year ended 1980 31si March £m 1980 35 Turnover 1,129 1,531 1.993 3,276 2,334 1981 49 Rentals 2,691 3,301 233 115 telex and other 276 299 406 292 553 62 1983 80 Sales and other operating income 193 1984 65 (d) Total operating costs include the following amounts in respect of research and development: 4.570 5.763 6.414 Total turnover **Operating Costs** Year ended 2,110 1,609 2,394 Staff costs 31st March Depreciation 475 647 1,154 1,538 96 1.826 2.036 Other operating costs · 928 1981 123 2.947 5,162 3.733 4.579 5.658 1983 158 Less: own work capitalised (308)(328)(316) (200)(283)1983 172 Total operating costs 2.747 3.456 4.271 4.834 5.342 1984 179 (e) In each of the five years ended 31st March 1964 there were differences, between the balances Profit on Ordmary Activities before in the financial control accounts and the stores records for materials awaiting installation and 1,492 556 **B54** 1.114 1.580 1.534 stocks, which were charged to operating costs. Differences Identified in the year ended 31st 549 Net interest payable 544 544 March 1984 amounted to £44 million. Management considers that of this amount at least £25 million is attributable to previous years. These differences have arisen because of weaknesses in Profit before Taxation and accounting procedures and not physical stores discrepancies. Management is confident that the 317 570 936 1.031 990 Extraordinary Items new accounting procedures which have been introduced or are in the final stages of implementation will prevent further significant accounting differences. 107 Extraordinary items (f) Auditors' remuneration did not exceed £1 million in any of the five years ended 31st March Retained Profit for the Year 570 1.031 424 936 390 2. Net interest payable Net interest payable is analysed as follows: Movements in Reserves Year ended 31st March 1980 Reserves at beginning of each year 1,173 1.743 2.679 3,710 £m £m Retained profit for the year 570 936 1.031 Loan capital maturing in full within five years 47 : 42 45 HM Government loans (Note 8) Reserves at end of each year 1,173 1,743 2,679 3,710 4,700 33 Foreign loans (Note 9) Short-term borrowings 28 Source end Application of Funds t07 90 We set out below statements of source and application of funds for the five years ended 31st Loan capital majuring in full after five years HM Government loans (Note 8)
Foreign loans (Note 9) 261 243 253 Year ended 31st March 1980 1994 284 Lease finance (Note 10) Σm £m £m £m ٤m Source of Funds Deed of covenant to pension lund 151 Profit before laxation and extraordinary items 317 570 1.031 169 125 990 trustees (Note 12) Add depreciation 410 475 647 . 5**5** 907 545 Funds generated from operations Less: interest receivable 727 1,045 1,563 1,796 1,897 Funds from other sources 537 544 556 Foreign loans HM Covernment loans 171 43 30 3. Taxation 203 79 (a) The Corporation did not incur a liability for corporation tax in respect of any of the five years bease finance 35 20 34 80 inded 31st March 1984, due to the availability of tax allowances on capital expenditure. At 31st Sale of land and buildings March 1984 capital allowances resulted in unrelieved tax losses, available for carry forward indefinitely, of £1,200 million. 1,010 1,174 1,265 1,909 2,006 (b) No provision for deferred taxation is required because the timing differences are not expected to reverse. If deferred taxation had been provided, the accumulated provision would have been as follows: Application of Funds At 31st March Tangible assets 1,239 1,458 1,517 1,513 1983 11 18 33 20 £m Timing differences Repayment of 6 500 113 23 Foreign loans 115 79 72 Less unrelieved tax losses (1.700)HM Government loans 112 38 154 137 11 95 29 45 Lease finance 4.800

1,238

495

(349)

1.010

Increase/(decrease) in working capital

Increase/(decrease) in net liquid funds

Stocks

Debtors

Creditors

1,579

240 126

(77)

1.965

1,436

24 (98)

(303)

41

1,174

1,772

85

269

(417)

220

1.909

(83)

1.755

71

210

(171)

310

141

2,006

Full potential deferred taxation liability at 35%

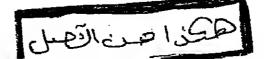
Discount on early repayment of HM Government loans

from 1st April 1986.

4. Extraordinery items

Profit on sale of land and buildings

		Land and buildings (note (b)) Im	Plant and equipment £m	Leased plant and equipment of	Total
Cost Salances at 1st April (Additions	1983	1,518	10,189	259 39	
Disposals, while outs a Total cost at 31st Mark	_	1,676	(782) 10,709		(786
Depreciation Balances at 1st April 1 Charge for year		257 40	3.817 826	77	4,181 907
Disposals, write outs a Total depreciation at 3		306	3.854	116	4,278
Net book value at 31 Maierials awaiting ins	Ist March 1984 Italiation	1,370	8,855 280	530	8,445 280
Total tangible essets 1984	at 31st March	1,370	7,135	220	8,725
The comparable total : Net book value at 31st Materials awaiting ins	March 1983	comprised: 1,251	6,373	182	7,805
Total tangible assets a		1,251	6,586	182	8.119
(b) Land and building short leasehold as follo		d, long leasehol		more unexp	ired) and
Coat Ealances at 1st April 1	983	Freehold: £m 1,332	long £m. 95	short £m 91	Total £m 1,518
Additions Disposals and adjustmi Total cost at 31st Marc		140 (6)	102		162 (4)
Depreciation islances at 1st April 19				2t	267
harge for year hsposals and adjustm	ents	32	(2)	(1)	40 (1)
otal depreciation at 3 let book value at 31:		1,201	15		1,370
el book value al 31st		1,101	80	70	1,251
r telecommunication readiter a rantal is p elecommunications p le satellite. Al 31st M ssets of satellite orga	payable to the con- payable to the con- larch 1982, 1983 an- nusahons, and its p Cost	sortia for the cirricipation is rec d 1984, the cost excentage partic at 31st March	cuits utilised. alculated on to the Corpora cipation, comp	Each year Br the basis of its atron's share (ntsh So notiselda s
itelsat	£m.	5m 92	£m 110	96.	-
eisat narsat telsat	1	1 2	1 4	9 16	•
ounts involved. Other creditors including creditors including the creditors in the creditors including the creditors included the creditors includ	ing taxation and so	cial security co	ty mprise:	At 3 1983 £m.	lst March 1984 £m 225
ther creditors			• .	277	306
HM Government to HM Government loa and. These loans were a capital structure wa	ans consist of borze e extinguished by	order of the Sec	retary of State	e on 6th Augu	ast 1984 when
). Foreign loans a) Foreign loans (inclu aurrency borrowings r					· -
			At 31st h 1983 £m	1984 £m	Spread of interest rates
faturing in full within I by instaboents in full al maturity			66 144	52 174	8 87-12.60 12.15-16.56
aturing in full after fit by instalments	ve years and repay	yable:	241	232	11.39-15.17
mounts falling due wi	thin one weer		451	458 ————————————————————————————————————	•
mounts failing due aft	•	year .	338	313	
) An analysis by date Year ending 31st M		reign loans at 3	451 lst March 196		s:
1985 1986 1987	ruda kulik			£m 145 31 45	
1983 1989 1990 to 1994				87 35 115	
				458	•
					•
Exchange risks on lo ider the exchange cou The overall average la:antee scheme when Foreign loans include payable within one year. Leese finance	interest rate, incluie e applicable, is 13 e commercial pape ar.	eme. 1.73% per annumer of £120 million	HM Treasury (1983 13.04%) (1983 £90 mi	s exchange llion) all of w	cover
oer the exchange cover 1 The overall average a antee scheme wher Foreign loans include bayable within one ye teese finance The obligations unde se payments discount	rer guarantee sche interest rate, inclu- te applicable, is 13 e commercial pape air.	me. Iding the cost of 73% per annum or of £120 million represent the tota rates inherent in ding interest, at	HM Treasury (1983 13.04%) a (1983 £90 mi d present valu a each lease. 31st March 19	s exchange liion) all of w se of future m	cover hich is unimum kows:
or the exchange cover a rentee scheme wher a rentee scheme wher Foreign loans include bayable within one year. Leese finance The obligations unde se payments discount Future minimum leas ar ending 31st March	rer guarantee sche interest rate, inclu- te applicable, is 13 e commercial pap- iar. er finance leases re- ted at the interest se payments, inclu-	me. Iding the cost of .73% per annum er of £120 million represent the total rales inherent in ding interest, at Finance fin	HM Treasury (1983 13.04%) (1983 £90 mi 1 present valu 1 each lease. 31st March 19 leases Ope	s exchange liion) all of w se of future m 384 are as foll crating leases £m	cover hich is unimum kows:
or the exchange cover of the overall average are nice excheme when a Foreign loans include payable within one yet. Leese finance The obligations under see payments discount Future minimum leasure are ending 31st March 15	rer guarantee sche interest rate, inclu- te applicable, is 13 e commercial pap- iar. er finance leases re- ted at the interest se payments, inclu-	me. Iding the cost of 73% per annum or of £120 million represent the total rates inherent in ding interest, at Finance	HM Treasury (1983-13.04%) (1983-190 mi 1 present valu 1 each lease. 31st March 19 leases Ope	's exchange liion) all of w ue of future m 384 are as foll rating leases	cover hich is unimum kows:
of the exchange coverall average as:antee scheme when proveign loans include proveign loans included the common series of the collegations under use payments discount Future minimum least art ending 31st March art ending 31st March 35	rer guarantee sche interest rate, inclu- te applicable, is 13 e commercial pap- iar. er finance leases re- ted at the interest se payments, inclu-	me. Iding the cost of .73% per annum er of £120 million represent the total rales inherent in ding interest, at Finance £1 48 40 32 18	HM Treasury (1983 13.04%) i (1983 £90 mi I present valu i each lease. 31st March 19 leases Ope	s exchange liion) all of w se of future m 384 are as foll examing leases £m 67 64 81 57 52	cover hich is unimum kows:
in the exchange cover the exchange cover as a content of the cover and a cover a cover a cover a cover and a cover a cover a c	rer guarantee sche interest rate, inclu- re applicable, is 13 e commercial papear. er finance leases re- ted at the interest se payments, inclu-	me. Iding the cost of .73% per annum er of £120 million represent the total rales inherent in ding interest, at Finance £n 48 40 32	HM Treasury (1983 13.04%) i (1983 £90 mi I present valu i each lease. 31st March 19 leases Ope	is exchange liion) all of w se of future m se4 are as foll rating leases £m 67 64 81 57	cover hich is unimum kows:
or the exchange coverall average arentee scheme when a Foreign loans includo payable within one yes. Leese finance The obligations unde use payments discount Future minimum lease ar ending 31st March 15667889 ereafter	rer guarantee sche interest rate, inclu- re applicable, is 13 e commercial papear. er finance leases re- ted at the interest se payments, inclu-	me. Iding the cost of 73% per annum or of £120 million represent the total rales inherent in ding interest, at Finance £n 32 48 40 32 18 48 48	HM Treasury (1983 13.04%) (1983 £90 mi 1 present valu 1 each lease. 31st March 19 1 leases Ope	is exchange liion) all of w se of future m 384 are as foll erating leases £m 67 64 81 57 52 707	cover hich is unimum kows:
or the exchange covered average as: an every several average scheme when provide scheme when the control of the collegations under the obligations under the collegations of the collegations are ending 31st March 35 are ending 31st March 36 are ending 31st March	interest rate, incluse applicable, is 13 e commercial paperar. If finance leases rated at the interest is payments, incluse payments, incluse payments are payments.	me. Iding the cost of .73% per annum er of £120 million expresent the tota rates inherent in ding interest, at £mance £m 40 32 48 48 236 (48)	HM Treasury (1983 13.04%) a (1983 £90 mi I present valu a each lease. 31st March 19 leases Ope	is exchange liion) all of w se of future m 384 are as foll erating leases £m 67 64 81 57 52 707	cover hich is unimum kows:



The Finance Act 1984 provided for a reduction in the standard rate of corporation tax to 35%

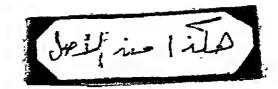
The extraordinary items arising in the year ended 31st March 1950 comprise:

Year ended

(1.183)

11,167)

7 309



Financial Times Tuesday November	20 19 84
11. Pansion scheme information (a) The British Telecommunications Staff Superannuation Sch	eme (BTSSS) was established ±ith
effect from 1st April 1963 on which date it assumed the habit telecommunications section of the Post Office Staff Superanni received its share of the assets of POSSS jogether with the at the deed of covenant described in Note 12 below.	uation Scheme (PCSSS). BTSSS oppopriate right to the income under
(b) Actuarial valuations of POSSS wera carried out by the Actuarial by the Trustees, at intervals not exceeding five a Actuary reviewed the continuing appropriateness of the rate (c) For the four years ended 31st March 1983 the Corporation contribution of 214% of contributory pay. This contribution incomplete the contribution of 214% of contributory pay.	years. In the intervening years the sof contribution payable.
expected to fund the remaining past service shortfall in PCS under the deed of covenant described in Note 12 below. Of t Corporation bore 15%, which was charged to profit and loss	S after taking account of payments the total percentage of 21% the account, and the members 6%.
Pending the completion of the first actuarial valuation of BTSS Corporation adopted their recommendation that contributions 1984 should be at the same overall rate as was paid to POSSS (d) The first actuarial valuation of BTSSS was carried out as a	s for the year ended 31st March
report together with their recommendations was issued to the 1984. Following this British Telecommunications plc adopted, recommendations that a total contribution of 194% of contributions, would be sufficient to meet all the liabilities of	with effect from 1st April 1984, the tory pay, including 6% employees' the scheme including the past
service shortfall, over the future working betwee of the exist (e) Pension cost comprises current service and shortfall contradition, interest was payable on the long-term hability description. Long-term (excepted) habilities—deed of covenant to	ing employees. Tubutions, as shown in Note 1(a) In ribed in Note 12 below.
With effect from 1st April 1978, https://doi.org/10.1516/j.com/1978. https://doi.org/10.1516/j.com/1978. https://doi.org/1978. https	of POSSS and BTSSS under a deed
£1,250 million represented a shortfall assessed at 31st March both Corporation and Post Office employees before 1st Octob The liability of £1,250 million was not transferred to British 1984 and is thus not its liability. It is reterred to in the 1984 A	1976, which related to service by ser 1969. If the "expected liabilities", leaves the
psyable in the five years ended 31st March 1984 included in as shown in Note 2 above. 13. Commitments for capital expenditure Commitments for capital expenditure at 31st March 1984	
statements were: Contracts placed 1,20 Expenditure authorised but not contracted for 43	1 7
1,64	
14. Contingent liabilities At 31st March 1984 there were no contingent liabilities or in the ordinary course of the Corporation's business, and on	guarantees other than those arising these no material losses are expected
15. Post balance sheet events Since 31st March 1984 there have been major changes in of British Telecommunications plc, These changes are not re- Statements but are described, together with their effect, in S	the corporate and capital structure Rected in the Historical Cost Financial
C. Pro Forma Financial Stateme	
On 1st April 1984, British Telecommunications pic was for The Telecommunications Act 1984 (the 1984 Act) provided in Telecommunications pic on a day appointed by the Secretary property, rights and liabilities (other than the excepted liabilities).	or the vesting in British of State ('the transfer date') of the ities described in Note 12 to the
Historical Cost Financial Statements) of the Corporation. The 1984 Act also provided that the assets, liabilities and resopening balance sheet of British Telecommunications pic at a sheet of the Corporation at 31st March 1984.	erves should be included in the he values shown in the balance
As provided for in the 1984 Act, changes here been or w 7 below, to the capital structure of British Telecommunication of indebtedness in respect of HM Government loans, the cap into ordinary and preference share capital and the issue to be	s plc, involving the extinguishment italisation of a proportion of reserves
redeemable preference shares and unsecured loan stock. The excepted liabilities until 31st July 1984 and on the HM Govern Thereafter, British Telecommunications pic is required to pay	e Corporation paid interest on the unent loans until 5th August 1984.
stock and dividends in respect of the preference stares. We set out below financial statements showing the actual March 1994 and balance sheet at that date, the adjustments new capital structure had been in force throughout the year for the year ended 31st March 1984 attributable to ordinary scheet at that date.	nade to reflect the position as if the
Notes Actua	
Profit on ordinary activities before interest 1,53 Net interest payable 2 54	4 1,534
Profit before taxation 99 Taxation 3 Preference dividends 4	0 161 1,151 (63) (63)
Profit attributable to ordinary shareholders 99 Pro forma earnings per ordinary share 5	98 1.068 18.1 pence
Pro Forma Balance Sheet	At 31st March 1984
Notes Actual fixed assets 6,84	1 £m £m 0 — 8,840
Current assets Creditors: amounts falling due within one year 6 2.09 Net current assets 9,30	9 44 2143
Creditors: amounts falling due after more than one year HM Government loans 1(a) 2,79 Unsecured loan stock 1(b), 6	
Foreign loans 31 Lease finance 14 3.25	3 · — 313 B — 148
5,95	40 5,990
Ordinary share capital 1(d), 7 — Reserves 8 4.70 Ordinary shareholders' funds 4.70	
Preference shares 1(d), 7 Long-term (excepted) liabilities Deed of covenant to pension fund trustees 1(c) 1.25	- 750 750 ·
Notes to Pro Forma Financial Statements Basis of preparation	40 5,990
The figures in the column headed "Actual" have been extract financial Statements for the year ended 31st March 1984, press Adjustments have been made to reflect the capital restructuring follows:	ented in Section B above. g effected under the 1984 Act as
a) The extinguishment of all liabilities to the Secretary of State he National Loans Fund. b) The issue to the Secretary of State of £2.750 million unsecur	
of the extinguishment of the liabilities referred to in (a) above. c) The retention by the Corporation of the hability of £1,250 mi o the pension fund trustees, which was not transferred in Britis logs 12 to the Historical Cost Financial Statements). d) The issue of share capital described in Note 7 below.	
No other adjustments have been made to the Historical Cost I Not Interest payable Pro forms net interest payable has been calculated as follows	5
As reported in the Historical Cost Financial Statements Less: interest in respect of habilities not assumed by Britist Telecommunications bic:	Em Em 544
HM Government loans Deed of covenant to pension fund trustees	(290) (212)
Add. interest on unsecured loss stock	(502) 341 (161)
let mterest payable as shown in the Pro Forms Financial States	
The interest of £290 million eliminated in this table was in res which totalled £2.944 million at 31st March 1983 reducing to £2," Interest charge of £341 million added in the table is in respect of	90 million at 31st March 1984. The

Payment of preference dividends (Note 4 below) will involve the payment of advance

corporation tax (ACT). Such ACT will be carried forward for recovery against future mainstream

Pro forms earnings per ordinary share have been calculated by dividing the pro forms profit for the year attributable to ordinary shareholders of £1,088 million by the 6,000 million ordinary

shares issued and to be issued and credited as fully paid as described in Note 7 below.

totalling £2,750 million set out in Note 5 below.

5. Pro forma earnings per ordinary share

4. Preference dividends

Less: ACT (Note 3)

corporation tax habilities of British Telecommunications plc.

These represent the cost of a full year's dividend, as calculated below:

Dividend on 750 million preference shares of £1 each at 11.95% including tax credit

12년 1985 44 1986 61 1987 53			31st March	Amoun £m
		br	oughl forward	931
	151		1996 1997	130 130
1998 23 1989 85			tess 1999	130 140
12 <u>1</u> t990 92	121		2000 2001	150
1992 196			2002	160 170
1953 113 1994 124			2003 2004	16J 190
1395 130			2005 2006	510
carried forward 931			LUD	229
	olai unsecured	i loan	stock	2 750
ē	mounts falling	due :	within one year	- 44
A	ene year	QUe A	after more than	2,708
7. Chara social				2,750
 Share capital The ordinary and preference share capital of Syconditional alloiment described in Part IV of the Cellective, as follows: 	ilish Telecom: Mer for Sale d	munic lated 1	stions ple will t 6th November	e, it the 1964 become
Authorised: 7,500 million Ordinary Shates of 25p each			£1,575 m	illion
F90 million 11 95% (including tax credit) Redeemah Cumulative Preference Shares of £1 each	ble		£750 m	iffion
lasued and fully paid:				1m
6.000 million Ordinary Shares of CSp each 750 million 11.95% uncluding tax credit) Redeemal	ble			1,5:0
Complainte Preference Shares of £1 each				750
				2.250
in addition one Special Pights Redeemable Prets Sovernment, it carries no right to participate in ca	crence Share (of £1 h	as been issued	to HM
Felecommunications plc. British Telecommunications plc has the right to right during the right to right during the right of called the right of called the right of the holders thereof and shall, on 20th September shares at par. The holders are entitled	redeem at par, giving not les ptember 2019, to priority ove	subject than tedes	ect to paying an three months am all outstands other existing	ny arrears notice in ing class of
share in payment of dividend and on a return of a capital. 8. Reserves	sseis on a wind	ung u	p ez on a radu	chon et
Reserves have been arrived at as follows:			£m	m2
As reported in the Historical Cost Financial Statem Add. Extinguishment of HM Government loans (No Deed of covenant to pension fund trustees no	ie l(a))		2,790	4,700
iliote I(c)) less lissue of unsecured loan stock in August 1984	(Note 1(b))		1,250 (2,750)	
Converted or to be converted into: ordinary shares (Note 1/d):			(t 500)	
preference shares (Note 1(d))			(75%)	
				roses
				(960) 3,740
D. Current Cost Financial 1984 We set out below the Current Cost Financial State 564 which have been prepared on the basis set ou current Cost Profit and Loss Accounts	ements for the	tivo y	rears ended 31.	3,740 and st March
1984 We set out below the Current Cost Financial State 964 which have been prepared on the basis set out	ements for the	two ; low:	Year ended 31. Year end 31st Mar	3,740 and st March
1984 We set out below the Current Cost Financial State 984 which have been prepared on the basis set out	ements for the	tivo y	rears ended 31. Year end	3,740 and st March
1984 We set out below the Current Cost Financial States which have been prepared on the basis set out turrent Cost Profit and Loss Accounts	ements for the	two ; low:	Year ended 31. Year end 31st Mar 1983	3,740 and st March ded sch
1984 We set out below the Current Cost Financial States which have been prepared on the basis set outurent Cost Profit and Loss Accounts unrover	ements for the it in Note 1 be	two ; low:	Year ended 31. Year ended 31st Mar 1983 £m 5,414	3,740 and st March ded tch 1984 £m 6,876
1984 We set out below the Current Cost Financial States which have been prepared on the basis set out turnent Cost Profit and Loss Accounts unrower roll on the historical cost basis on ordinary activity before interest	ements for the it in Note 1 bel N	e tivo y low: lotes	Year end 31st Mar 1963 £m	3,740 and st March ded ch
1984 We set out below the Current Cost Financial States which have been prepared on the basis set out turnent Cost Profit and Loss Accounts surrower rotation the historical cost basis on ordinary activitibefore interest esse current cost operating adjustments	ements for the it in Note 1 bel N	two ; low:	Years ended 31. Year end 31st Mar 1983 £m 5,414 1,580 591	3,740 and st March ded ch 1964 Em 6,876
1984 We set out below the Current Cost Financial States which have been prepared on the basis set out turnent Cost Profit and Loss Accounts urnover rolit on the historical cost basis on ordinary activity before interest essecurrent cost operating adjustments urrent cost profit before interest et interest payable	ements for the it in Note 1 bel N	e tivo y low: lotes	Year ended 31. Year end 31st Mar 1983 £m 5,414	3,740 and st March sted ch 1984 £m 6.876
1984 We set out below the Current Cost Financial States which have been prepared on the basis set out turrent Cost Profit and Loss Accounts turrent Cost Profit and Loss Accounts turrent on the historical cost basis on ordinary activities before interest essecurrent cost operating adjustments turrent cost profit before interest et interest payable etained current cost profit for the year without gestained current current cost profit for the year without gestained current current current cost profit for the year without gestained current curr	ements for the	e tivo ; low: lotes	Year ended 31. Year ended 31. 1963 £m 6,414 1,580 591	3,740 and st March ded ch 1984 £m 6,876 1,534 418 1,116 544
1984 We set out below the Current Cost Financial States 44 which have been prepared on the basis set out current Cost Profit and Loss Accounts furnover rotal on the historical cost basis on ordinary activitive before interest essecurrent cost operating adjustments furner cost profit before interest et interest payable etained current cost profit for the year without gestigustment.	ements for the trin Note 1 belong Note 1 bel	two jow: low:	Years ended 31. Year end 31st Mar 1983 £m 5,414 1,580 591	3,740 and st March ded ch 1984 Em 6,876 1,534 418 1,116 544 572
1984 We set out below the Current Cost Financial States which have been prepared on the basis set out turnent Cost Profit and Loss Accounts formover rotation the historical cost basis on ordinary activitive before interest east current cost operating adjustments for interest payable et interest payable etained current cost profit for the year without gestiment profit profit for the year without gestiment profit profit for the year without gestiment.	ements for the trin Note 1 belong Note 1 bel	e tivo ; low: lotes	Year ended 31. Year end 31st Mar 1983 £m 6,414 1,580 591 289 549	3,740 and st March led ch 1984 Em 6,876 1,534 418 1,116 544 572
1984 We set out below the Current Cost Financial States Set which have been prepared on the basis set out current Cost Profit and Loss Accounts furnover reful on the historical cost basis on ordinary activitive before interest east current cost operating adjustments furner cost profit before interest et interest payable etained current cost profit for the year without gestiment profit profit for the year without gestimed proforms current cost profit for the year without gestimed proforms current cost profit for the year without gestimed proforms current cost profit for the year without gestimed proforms current cost profit for the year without gestimed proforms current cost profit for the year without gestimed proforms current cost profit for the year without gestimed proforms current cost profit for the year without gestimed proforms current cost profit for the year without gestimed proforms current cost profit for the year without gestimed proforms current cost profit for the year without gestimed proforms current cost profit for the year without gestimed profit for	ements for the at an Note 1 belong Note 1 be	two jow: low:	Year ended 31. Year ended 31. 1963 £m 6,414 1,580 591	3,740 and st March led ch 1984 Em 6,876 1,534 418 1,116 544 572
1984 We set out below the Current Cost Financial States 584 which have been prepared on the basis set out current Cost Profit and Loss Accounts furnover rotal on the historical cost basis on ordinary activitive before interest east current cost operating adjustments furner cost profit before interest et interest payable etained current cost profit for the year without gestigned proforms current cost profit for the year without gestigned proforms current cost profit for the year	ements for the trin Note 1 bet No	e two; low; low; lotes	Years ended 31. Year end 31st Mar 1983 £m 6,414 1,580 591 089 549 440 At 31st M. 1983 £m	3,740 and st March ded ch 1984 Em 6,876 1,534 418 1,116 544 572 833 arch 1984 Em
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1984 We set out below the Current Cost Financial States 44 which have been prepared on the basis set out current Cost Profit and Loss Accounts furnover rotal on the historical cost basis on brainary activitive before interest east current cost operating adjustments furned cost profit before interest et interest payable etained current cost profit for the year without gestigustment etained proforms current cost profit for the year current Cost Balance Sheets xed assets Tangule fixed assets Investments et current assets Monetary worting capital Other net current liabilities reditors: amounts falling due after more than one y HM Covernment loans	ements for the trin Note 1 better Note 1 bet	two; low: low: 1, 2 (d) (e)	Year end 31. Year end 31. Year end 31. 1983 £m 5,414 1,580 591 689 549 440 At 31st M. 1983 £m 14,940 95 15,035 374 (216) 158 (2,944) (338) (130) (3,412) 11,781 8,476 2,055	3,740 and st March ded

Notes to Current Cost Financial Statements

Changes in relecommunications technology are having an increasing impact on the business of Bruish Telecommunications plc. These changes will lead in the next few years to major collegeries of tangible assets being replaced by equipment which provides the same service capacity at substantially lower costs and more efficiently. In reviewing the bases of valuation of its tangible assets, for the purposes of the current cost statements, the Corporation took into account these circumstances as described in detail in paragraph (a) below.

The approach, for the year ended 31st March 1984, was in principle to value assets used in the network by reference to the net replacement cost of the new equipment that is currently available to replace the assets in use. The speed of technological change is expected to increase and, for that reason, estimates made in arriving at oppropriate bases of volusion must be subjective in nature in a number of instances. Further material changes in the bases of valuation may be necessary in the next terr years.

(e) Tangible tixed essets valuation

(i) Land and buildings
At 31st Alasch 1994, Ceneral purpose land and buildings are included at open market existing At 31st March 1554. Ceneral purpose land and boundings are included in successful use valuations made by professionally qualified employees of the Corporation. Specialised buildings are stated at the current cost of construction, calculated by applying the first areas of the buildings. Replacement cost for related

internally generated cost factors to the floor areas of the buildings. Replacement cost for relations is calculated by applying a general price index to original historical cost.

At 31st March 1983. The replacement cost of both general purpose and specialised land and buildings was calculated by applying published indices to original historical cost; a general price index was used for land and a construction price index for buildings. (ü) Plant and equipment

The replacement cost of plant and equipment is calculated by applying internally generated indices to original historical cost.

At 31st March 1964. Where modern equivalent technology is proven and prices are available the indices used assume total replacement of existing assets with the most modern available equipment. Where necessary, allowance is made for costs of temporary interface equipment, No regard is taken of the possible operational savings that would result from the use of new

technology.

Where there is no proven modern equivalent technology or where the future prices of modern technology cannot be realistically assessed, the cost indices assume, as at 31st March 1993 (see below), that replacement will mirror current purchasing arrangements at that time. At 31st March 1983. The replacement cost of these assets was calculated on the basis of indices reflecting contemporary purchasing arrangements.

(iii) The changes resulting from these methods of valuation are given in Note 4 below.

(b) Tangible fixed assets depreciation

Depreciation is provided on tangible fixed assets on a straight-line basis so as to write off replacement cost over their useful lives. The same asset hives as those adopted in the Historical Cost Financial Statements are used. No regard is taken of the possible different lives of modern. equivalent equipment.

The depreciation adjustment, as set out in Note 2 below, represents the additional charge against profile as a result of depreciating fixed assets on the basis of their replacement cost

rather than their historical cost. (c) Monetary working capital adjustment

£m

(ET)

63

To allow for the impact of price changes on working capital the monetary working capital adjustment, as set out in Note 2 below, is calculated by reference to appropriate price indices. The adjustment is based on the excess of trade debtors, stock and certain liquid assets over trade creditors; no adjustment is made where there is an excess of trade creditors.

(d) Gearing adjustment

No gearing adjustment has been made, in accordance with United Kingdom Statement of Standard Accounting Practice No. 15 (Current Cost Accounting) which states that in view of the special nature of their capital structure, no gearing adjustment need be made in the profit and less accounts of nationalised industries.

(e) Pro forma current cost profit

The ero forma profit for the year ended Stat March 1984, under the historical cost convention, of \$1.151 million (see Seption C, Fro Farma Financial Statements) would, under the current cost convenient, and effer making a geating adjustment on the basis of the new capital structure, be £633 million.

2. Current cost operating adjustments

			31:	t March
Į			1393	1984
			£m	<u> </u>
Depreciation (Note No.)			571	
			18	
Monetary working cape Fixed asset disposals	at , Note 1(c.)		4	5
I med daset displosis				
Current cost operating a	sdjustments		591	413
3. Tangible lixed asset	5			
		At 31st March 1984	At 2	Ust March 1983
1	Cress		Net	Net
ļ	replacement	Accumulated	replacement	zeplacemeni
	cost	degrectation	cost	COS
	£m	£m	m2	£ _{tt}
Land and buildings	4 413	1.527	2,986	9,045
Flant and equipment	20 341	9.486	10.855	11.513
Leased equipment	338	!19	220	162
20022 2 4221				
	25 102	11.141	13,961	14.940
4. Current cost reserve	•			
	1		Lin	£m
Current cost reserve at	•			8,476
Current cost adjustment				
Valuation changes : No	ile l(a)			
land and buildings			(583)	

Monetary working capital (Note 1(7)) Total current cost adjustments

Ciher plant and equipment

Flant and equipment subject to technological change

Current cost reserve at 31sf March 1984 Years truly.

COOPERS & LYBRAND Chartered Accountants.

Part IV

Additional Information

1 Share and Loan Capital

Shara Capital The Company was interporated on 1st April 1964 with an authorized share capital of £50,000, divided into The Company was interporated on lat April 1964 with an authorised share capital of £50,000, divided into \$50,000 ordinary chares of £1 each, of which two were gubscribed at par by, and the tentander issued for cuch at per on 1954 to a somework of the Secretary of \$840. The principal obserts of the Company are set out in Claude 4 of the Memorandium of Association. On 2nd July 1964, a contribute to do because was granted to the Company by the Requistrat of Companies under section 4 of the Companies Act 1980. On 24th July 1864, the \$50,000 ordinary shares of £1 each were subdivided into £00,000 ordinary shares of £50 each and the authorised chare capital of the Company was increased from £50,000 to £1,250,000,001 by the creation of £1,953,600,000 ordinary shares, the 750,000,000 Preference Shares and the Special Share. On 6th August 1984, pursuant to the 1984 Act the property, rights and habilities of the Corporation (other than the "excepted liabilities" as described below) vested in the Company, Pursuant to a direction given by the Secretary of State under the 1984 Act and by resolution of a Committee of the Board, 999,800,000 ordinary shares, all the Preference Shares and the Special Share were issued, credited as fully paid, by the Company to a nominee of the Secretary of State.

a nominee of the Secretary of State.

Cm 15th November 1984, conductorally upon the UK Underwriting Agreement and the Bank of England Agreement referred to below being executed, becoming unconditional and on being terminated purcuant to the terms the ept:

(a) the authorised share capital was increased from £1,250,000,001 to £2,625,000,001 by the creation of an

the temporary state capital was increased from at anomalous to accompositely the creation of an adultional \$500,000,000 pew ordinary shares; to the Directors were generally and unconditionally authorised, pursuant to section 14(1) of the Companies Act 1990, to allot televant securities (as defined in section 14(10) of the said Act) up to an aggregate normal amount of £1,625,000,000 (including the allotment referred to in pd) below), such authority to expire on the date of the Annual General Meeting of the Company in 1999 inless previously recoked or varied.

(c) the Directors were given power to allot equity securities (as defined in section 17 of the Companies Act 1990) for each, pursuant to the authority referred to in sub-paragraph (b) above, as if section 17(1) of the said Act did on apply to the allotment, provided that such power, which was expressed to expire on the date of the Annual General Meeting to be held in 1985, was limited to (i) the allotment of equity securities in connection with a rights issue in favour of the holders of ordinary shares where the equity securities ambulable to the

with a rights lastic in favour of the holders of ordinary shares where the equity occurrities annihilate to the interests of all the holders of ordinary chares are proportionate (as nearly as may be) to the respective numbers of ordinary shares beld by them and (in the allotment (otherwise than pursuant to (i) above) of equity securities up to an aggregate nominal value of 193,750,000, and (ii. 5,000,000,000 ordinary shares were allotted, crodured as fully paid, to nominees of the Socretary of State by way of capitalisation of part of the sum standing to the credit of the reserved of the Company.

On the same date, the Company was authorised to onler into the agreement referred to in 13(h) below. The provisions of section 17 of the Companies Act 1980 (which, to the extent not disapplied, confer on shareholders in glits of pre-emption in respect of the allotment of ordinary shares which are, or are to be, paid up in cash) apply to the 1,125,000,000 authorised but unusued ordinary shares which are not the subject of the disapplication referred to its sub-paragraph (c) above, it addition, polymbranding such disapplication, the provisions of the Stock Exchange Listing Agreement require that, unless special Stock Exchange dispensation or the apotencial of ordinary shareholders in Ceneral Meeting is obtained, further issues of equity occurrities for cash are to be made on a pio rata babits. cash are to be made on a pip rata basis.

Save as disclosed in this Fart IV:

(i) no share or to an capital of the Company since its incorporation or of any of its subsidiaries within two years before the date of this Offer for Sale has been issued or been agreed to be issued or to now proposed to be issued fully or partly paid, either for cash or for a consideration other than each;

(ii) no commissions, discounts, brokerages or other special terms have been granted by the Company or any

of its subsidiaries, since those respective dates, in connection with the issue of cale of any share or loan capital of much companies, and uni no share or loan capital of the Company or of any of its subcidiaries a under option or agreed conditionally

int in state of that capital or the company of or any or in statement of the control of the control of the Company fother than to shareholders pro roto to their existing shareholdings) will be made within one year of the date of this Offer for Sale, and no issue will be made which would effectively after the control of the Company without the prior sanction of the ordinary shareholders of

the Company in General Meeting.

On 6th August 19%, pursuant to the 1964 Act, the then existing loans of the Company repayable to the On bit August 19%, pursuant to the 1964 Act, the then existing loans of the Company repayable to the Secretary of State (previously being loans repayable by the Corporation to the Secretary of State and forming part of the Nauonal Loans Fund amonning to £2,789,865,772-481 were exinquisited and the Company issued to the Secretary of State thenty-two separate series of unsecured loan stock aggregating £2,790,000,000 in principal amount redesenable from 19% to 2006 and carrying interest from £3 per cent. to £2 per cent. per annum. They are consisted by a Trust Deed dated 6th August 1984 made between the Company and The Law Debenture Trust Corporation p.t.c as Trustee. On the same date, they were transferred to the Corporation on terms which require the Corporation to exercise all lights to respect of the Loan Stocks as directed by the Secretary of State and to transfer the Loan Stocks as the may direct.

require the Corporation to exercise all lights to respect of the Loan Stocks as directed by the Secretary of State and to transfer the Loan Stocks as he may direct.

The Trust Deed imposes a timit on the borrowings of the Company and its subsidiaries [computed as provided in the Trust Deed) of an amount equal to 1.75 nimes the Adjusted Capital and Reserves tay defined in the Trust Deed). On 5th August 1364, the Secretary of State, The Law Debenture Trust Corporation pilot and the Company entered into a Lean Stock Metatorium Agreement and a Trustee Side Agreement. The Loan Stock Metatorium Agreement and a Trustee Side Agreement. The Loan Stock Monatorium Agreement permits the Company to require the Secretary of State and the Corporation and their respective homitoes to exchange one of more series of Loan Stocks redeemable between 1985 and 1989 for one or more series of loan stock with a redemption date or redemption dates talling between 1990 and 2006, carrying the same rate of interest as the estimate series of Loan Stocks with a redemption date in the same year. The Trustee Side Agreement provides for substantially all of the powers and discretions of the Trustee in the exerciseable by the Secretary of State for so long as all of the Loan Stocks (coluding any issued pursuant to the Loan Stock Moratorium Agreement) are held by or on behalf of the Secretary of State and for the Corporation.

Excapted Liabilities The "excepted habilities" comprised the Corporation's liability of £1,250 million to the Fost Office and British Telecon Shalf Superannuation Schemes which arose by virtue of a Deed of Covenant dated 22nd November 1978 to make good certain deliciencies in the Fost Office Staff Superannuation Scheme. The Corporation is obliged index the 1984 Am to discharge the excepted liabilities out of some frecented by a in respect of the Loan Stocks transferred by the Secretary of State to the Corporation. The Corporation is prohibited from disposing of any of the Loan Stocks without the consent of the Secretary of State given with the approval of HM Treasury. Where any cards received by the Corporation in respect of the Loan Stocks exceed the accepted liabilities to be discharged by the Corporation on any day, the excess is to be applied as directed by the Secretary of State; where any deficiency anses, it is to be made good by the Secretary of State out of moneys provided by Secretary of State out of moneys provided by

2 Articles of Association

The Articles of Association of the Company contain, inter alia, provisions to the following effect: Special Share

The Special Share may only be held by or transferred to the Secretary of State or another Minister of the Crown or any person acting no behalf of the Crown. The registered holder for the time being of the Special Share (the Special Share) may require the Company to redeem the Special Share at its nominal amount.

The Special Shareholder is entitled to receive notice of and attend and speak at all General Meetings and The Special Snateholder is entitled to receive notice of and alrend and speak at an enteral meetings and meetings of any class of shareholders but not to vote at such meetings. The Special Share confers no right to participate in the capital or profits of the Company save that on a witching-up the Special Shareholder is entitled to repayment of £1 to priority to other shareholders. However, each of the following proposals is deemed to be a proposed variation of the rights attaching to the Special Share and is only effective with the consent in writing a provider the region analogy is the operation of the Special Shareholder:

[a] The amendment, or removal, or alteration of the effect of all or any of certain specified Articles, being the

an the amendment, or removal, or alteration of the effect of all or any or certain specialed Articles, being the Anicles setting out certain definitions; the rights attaching to the Special Share; the limitation on shareholdings; the rights of the Special Shareholder to appoint any person or nominate any existing Director as a Government Appointed Director and other provisions relating to Government Appointed Directors including the provision that the removal of Directors by recolution of a General Meeting shall not apply to Government Appointed Directors to the right of a Director to vote in respect of resolutions of the Board concerning certain maners in which he is interested; the right of a Government Appointed Director to vote in respect of resolutions of the Board concerning matters in which the Crown may be interested, and certain of the procedures for the proceedings of the Directors including the appointment of a Chairman, Deputy Chairman, and managing and executive Directors, their removal from such positions and their qualifications, in particular the requirement that any Directors Chairman at Chief Executive must be a British citizen.

cay accounts consumant to case executive must be a solution causes.

(b) The issue of any shares with voting rights not identical to those of the ordinary shares subject to an exception for any shares which do not constitute equity share capital and which when appregated with all other such shares carry the right to cast less than 15 per cent of the maximum number of votes capable of being cast on a poll at any General Meeting.

Pretarence Shares Preference Shares

(a) Dividends: The Preference Shares entitle the holders thereof (in priority to any payment of dividend on any other existing class of chares) to a cumulative preferential dividend payable half-yearly at a rate which, when added to any tax credit available in respect of the dividend in question, is equal to 11.95 per cent. per annum, (b) Return of Capital: On a return of essets on a winding-up or on a reduction of capital, the assets of the

At 30th Toma

 I_d

Company available for distribution are task earlies any provision made under section 74 of the Companies Act 1997. Officially analyse for particular and that can do any other shares ranking pair in a recommendation and it is not expense with the Preference Shares to be expended from in repeating to the holders of the Professioner Shares the amounts paid up on such

shares regarder with any arreads of dividend.

To, it bling the preference shareholders are not entitled to vote upon any regolution (other than a resolution for winding-up the Company or reducing its chare capital, unless at the date of the notice convocuing the meeting at which such resolution is to be proposed the dividend on such shares is aix months in arreors, when each preference charefulliar present in person shall have one sure on a show of hands and, on a poll, each such horder present in person or by proxy shall have one vote for every 11 nominal amount of preference shares of which he is the holder. The preference shareholders are not entitled to receive notice of or to alread any Cancell Meeting of the Company imless they are entitled to vote at cuch meeting (d). Redempith, Subject to the Companies Acts, the Company has the right to redeem all or any of the

Preference Shares by guing not less than three months motice in writing to the holders thereof and, subject as aforesaid the Company shall on 90th September 2019 redeem all outstanding Preference Shares, in each case

of partrogether with any errears of dividend.

16. Forther Preference State faces. The Company may losue further preference shares ranking as regards. participation in profits and accels to be Company may use in their preservors stands and make tanking at regards participation in profits and accels of the Company participation with four not in priority to) the Preference Shares provided that the Asolites centry trait, following such cause, the aggregate monatival amount of the total usused preference graded to a return of capital on the event of a winding-up would not expected an amount equal to 00 per cent of the Adjusted Capital and Reserves (as defined in the Adjusted Capital and Reserves (as defined in the Adjusted Capital and Reserves).

per cent of the fractional explain and movement of any preference chareholders as its required for a variation of the special motion of such charest of any preference chareholders as its required for a variation of the special motion of such chares, to debeniums or chares redeemable before 30th September 2019, making in priority to or peri passu, with the Freference Shares, may be paid up by way of capitalisation of profits or reserves, the maximum amount of bottowings permitted by the Articles of Association shall not be enlarged and the borrowing provers Aracle (see below shell not be varied vexcept so as to include as borrowed moneys build not otherwise be included) and no reduction of the share capital of the Company involving e terath of depital on shares ranking after the Preference Shares which would require the consent of the Court

Ordinary Shares

(a) Dividends Subject to the dividend rights of the holders of the Preference Shares and to the rights of holders of fourse shares having priority, the holders of ordinary chares are entitled to the profits of the Company evaluable for dividend and resolved to be distributed,

(b) Perum of Capital On a winding up the balance of the assets available for distribution, after deduction of any provision made under section 14 of the Companies Act 1980 and repayment of the amounts paid up on the Spemal Share and the Preference Shares respetter with any arreats of dividend thereom and subject to any spemal rights attaching to any other class of shales, shall be applied in repaying to the holders of ordinary chares the amounts paid up on such shares and any surplus assets will belong to the holders of ordinary shares

ecturding to the respective numbers of shares beld by them.

(c) Voting Surject to the provisions summarised in Pestitionis on Voting' below, on a show of hands every holder of octinaty of areas who at present in person at any General Meeting shall have one vote and on a poll every such holder who is present in person or by proxy shall have one vote for every 25p in nominal amount. of the ordinary states of which he is the holder.

Limitation on Shareholdings

Imitation on Shareholdings

The limitation on interests in voting shares of the Company is described briefly below:

(a) For the purpose of these processes, the expression interest is widely defined: it generally follows but is more extensive than the definition used in deciding whether a notification to the Company would be required under Part IV of the Companies Act 1991 and thus includes the interest of an Interior Company would be required under Part IV of the Companies Act 1991 and thus includes the interest of an Interior Company of that interest and its otherwise obliged to give notices in relation to interests in voting shares as currently provided in Part IV of the Companies Act 1991.

in Part IV of the Companies Act 1981.
It'll if any person has, or appears to the Directors to have or (if the Directors are unable to ascortain whether such a person has an interest in those shares and correctors to deemed to have, an interest in chares which carry 15 per cept or more of the total votes attaching to relevant share capital (as that expression is defined in the Companies Act 1991), the Directors shall serve a written notice on all persons (other than persons reterningly bettial) who appear to them to have interests in and, if different, on the registered holder(s) of the shares concerned Such nonce will set out the restrictions referred to below and will call for the interest. concerned to be reduced to less than 15 per cent, by disposal of shares within 21 days of the service of the protect on the requirement and tension such longer period as the Directors consider reasonable. No transfer the shares comprised in the interest may be made except for the purpose of reducing such interest to less

(c) If such a notice is served and is not complied with in all respects to the satisfaction of the Directors and has not been withdrawn, the Enrectors shall themselves effect such a disposal on such terms as they may determ based upon advice obtained by them for the purpose.

101 A requirered holder on whom a notice referred to above has been served is not entitled in respect of the

share or shares comprised in the interest, until such notice has been withdrawn or complied with to the satisfaction of the Directors in artend or vote at any General Meeting of the Company or meeting of the holders of voting shares and such nights will vest in the chairman of any such meeting, who may act entirely at his

discretion.

The Theoretic are not obliged to serve notice on any person if they do not know either his identity or his address. The absence of serving such a notice in such a case and any accidental error in or failure to give any notice to any person upon whom pouce is required to be served will not prevent the implementation of in invalidate any procedure under the relevant Article.

(f) Any resolution of determination of, or decision or exercise of any discretion or power by, the Directors shall

be conclusive and binding on all persons concerned and shall not be open to challenge:
out The Secretary of State and certain other specified shareholders are not subject to these restrictions.
The full text of these provisions is to be bound in Article 37 of the Articles of Association which are available. for inspection (see paragraph 15 below).

Pastrictions on Voting. No member shall, unless the Directors otherwise determine, be entitled to attend or vote at any Ceneral Meeting of to exercise any other right conferred by membership at or in relation to meetings of the Company in respect of any shares in the capital of the Company held by turn if (t) he or any person appearing to be directly or indirectly interested in those shares has been duly served with a notice under section 74 of the Company and a lotter of any such person is in default in supplying to the Company the information thereby requested within the time specified in such ordine for compliance therewith, being not less than 38 days from the date of the notice, and the Directors resolve that those shares be disqualified until the nutries of compliance that the demandation of the nutries of the nutries of the nutries of the nutries of the properties of the demandation of the nutries.

the natice is complied with or, if eather, until the Directors resolve to remove the disqualification or int the circumstances described under "familiation on Shareholdings" above apply.

[D1] Percerd Dates and Unchanned Dividends. Any resolution of the Company or the Directors declaring a dividend may specify any date as the record date, whether or not prior to the date on which the resolution is passed. All dividends (which will not bear interest) unclaimed for a period of twelve years after having been declared will, unless the Directors otherwise resolve, be forfeited and revert to the Company.

declared will, unless the Directors otherwise resolve, be forfeited and revert to the Company.

121 Variation of Pights. The rights attached to any class of shares may, subject to the provisions of the Companyatios Acts, by varied or abrogated with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class, or with the sanction of an Extraordinary Resolution passed at a separate Ceneral Meeting of the holders of the shares of the class. Unless otherwise expressly provided by the terms of issue of the shares of that class or by the lerms upon which such shares are for the hine being held, the rights attached to act class of states are deemed to be varied by the allottient of further shares ranking in priority thereof for purment of a dividend or repayment of capital but are deemed not to be modified, abrogated or varied by the creation or issue of further shares ranking paid passes therewith or subsequent thereof.

131 If a very large number of persons are allocated shares, the Company may need to seek authority to restrict or regulate so far as necessary, anendance at General Meetings on a basis as fair as possible to all members and without prejudice to voring notics. and without prejudice to voting rights.

(a) The Special Stateholder has the right from time to time to appoint or nominate and remove not more than two Covernment Appointed Directors who may not hold any executive office or the office of Chairman or Deputy Chairman in the Company or any subsidiary of the Company. The provisions of the Articles relating to retirement by Italian removal and appointment of Directors do not apply to Covernment Appointed Directors. In the absence of some other material interest, the Government Appointed Directors may vote in respect of any resolution concerning any matter in which the Crown may be interested or to or in which a Government Appointed Energy may be a party or be interested on behalf of the Crown For its purpose the Crown includes any representative. Minister or person acting on behalf of the Crown and any company or corporation. of which any thate or other capital is owned directly or indirectly by the Crown or any such representance or over which the Crown or any such representance has any control or power of direction.

Ib Excluding remuneration referred to below, each Director shall be paid such remuneration for his services as the Energy is from time to time determine, not exceeding 120,000 per autumn or such larger amount as the Company may by Ordinary Resolution determine). The Directors may be paid their expenses properly

Any Energy sho holds the office of Charman or Deputy Charman or any executive office or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director. may be paid such extra remuneration as the Directors may determine.

incurred in connection with the business of the Company

may be good such extra remuneration as the Directors are outside time accope of the ordinary duried of a Eurector may be good out the ordinary duried of a Eurector may depend on any Onector or former Director or persons connected with them. However, no such benefit may be granted to any Director or former Director who has not been an entit fower or hold any other office or place of profit under the Company or any of its subsidiaries or to a person who has no claim on the Company except as a connected person of such Director or former Director without the approval of an Ordinary Resolution of the Company

Except for the position of auditor of the Company or any of its subsidiaries, a Director may hold any other office or place of prefit with the Company or with any other company or may be unterested in any other company which contractly or indirectly in conjunction with the office of Director.

The Director is disqualified by his office from enferming mit any contract or arrangement whatsoever with the Company. We such contract or arrangement is hable to be avoided, nor is any Director who enters into any such contract or arrangement, or who is so interested, hable to account to the Company for any profit realised therefor in the Arrangement of the board. No Director more one of the nature of his interest in any contract or arrangement to the board. No Director more one described in the quarum at a meeting in relation to any resolution in respect of any contract or arrangement in the board. No Director more one of the counted in the quarum at a meeting in relation to any resolution in respect of any contract or arrangement in the board. No Director more one of or otherwise in or through the Company. A Director may, however, your and be counted in a quarum in respect of certain matters in which he is interested as specified in the Arricles of Association.

The Company may subject to the Company A Director in any contract or arrangement or relating to a Director is each to be expended on the declaration of the int

ranty any particular contract or arrangement carried out in contravention of flose provisions.

10. The provisions of section 185 of the Companies Act 1948 frelating to the appointment and retirement as

Expectors of persons who are aced 70 or more do not apply to the Directors

ie: Et cach Annual General Meeting, one-third of the Directors, other than Covernment Appointed Directors,
ib: Charman, the Deputy Charman and one other Director holding such executive office as the Directors may It im time to time resolve for, if their number is not a multiple of three, the number pearest to but not greater

than one flord shall retire from office by rotation.

1) The office of Executive Chairman of Chief Executive or Joint Chief Executive may only be held by a British course within the meaning of the British Nanonalny Act 1981.

Borrowing Powers Extend to an overcome all the powers of the Company to berrow money and to mortgage or charge. instructional participy and received and uncollect capital and subject to the Companies Acts to use debentures or forther received, whether outlight or as collateral security for any debt, liability or obligation of the Company and contribution some.

t and their pairs. The Ent-close thall restrict the borrowings of the Company and exercise all voting and other rights or The Extraction shall respect the porrowings of the Company and exercise all voting and other spirits or pay of the Promote choice at the transfer of the policy of the Company in relation to its applications as as to secure, that as regardly its sub-state in the appropriate principal amount for the time being contraction of all borrowings of the Company and its subadiantes for the time being owing to persons other than the Company and its subadiantes, compared as provided in the Articles of Association, shall not, where the pre-violation of an Ordinary Resolution of the Company and also such concern or sention on the part of the third of the Preference Shares as is required for a variation of the special rights attacked to such charter only all an amount equal to 1.15 times the Adjusted Capital and Seservas (as defined in the Articles

3 Directors' Interests

Apart trim the supply of telecommunications pervious and apparatus, no Director of the Company has, or has held to that the triangues the date of this Offer for Sale, and interest in any assets which have been, or which are on the triangues of the dependent by or leased to the Company of any of its subsidiaries. No contract of income fact cuts are or subgisted within two years before the date of this Offer for Sale in which a Description to the true indicatelly interplated and which is or was arguited in related to the business of the Congress and as arbuild areas taken, as a whole the brane are custanding from the Company to any Director. No Element by any later to a business capital of the Company or its subsidieries, executive Streetless stay.

participate in the employed share others or an element of the participation of the employed entangements for approximate in the employed state of the participation of the public, under the Offer for Selection of the public, under the Offer for Selection of the public, under the Offer for Selection of the public and the Offer for Selection of the public and the offer for Selection of the public and the Offer for Selection of the Offer for Selection o

Farm to emalone was approached; Panges of emplements I also up to 640 ord ___ ____ Number of Directors \$= 904 to \$10 000 185 (0) to 550 600 210,000 to 215,000 150 001 to \$65,000 \$20 PC\$ 15 \$15,000.

the Older for Olde to implement substantial increases in the solaries or executive Directors to levels commenciate with those previously in other commercial companies. All the executive Directors have entered into service sometimal, with the Company Such agreements expose, in the case of Sir George Jelterson and Mr. Vander Microstron for Approx 1997, in the case of Mr. Afrey and Mr. Back on 21st August 1966, in the case of Mr. Hopporn or 11st Cyrober 1985, and in those cases contain no express provincing for extension. The initial term of the agreements of 5.2 the remaining executive Directors in three years commencing on 5th Audust 1954, on the little analysis are of each agreement, the Company may offer to extend that agreement for a further three year form commencing on that date, and may also do be on the first analysis are such extended form with high termination of the large of 60. These are no other service agreements, existing or proposed, between ann of the Entireters and Battish Telegran.

Mr. J. F. Chibit, a non-executive Director of the Company, is also a partner in Herbert Smirn S. Collection and receive test for its professional services in acting for Plentwort, Benden Limited and the other under maters

in connection with the undetwriting agreements and certain other matters.

4 Special Arrangements for Employees and Pensioners

** Special Arrangements for employees and Pensioners

**Opition 10.000 declarate brack as research throughout the arrangement as a condition of a soleton of a soleton for the soleton of the soleton of

Cancer to fill in the most be inversion the fill of emission of foreign. In foreign terms of the subject to the source control of the most of the subject to the source control of the subject to the sub

5 Employee Share Schemes

The Company has econs and farce with note they contain. Tenun solve in a different of dates may among the European by the risk of course way. the namely: If it always shared his tracker ideas a state under the dealer by the count of directed without the great sanction of the Company in Centers, Mediting

Employee Shara Ownership Scheme

This ignormal properties by a Total Sevel darks Libral Corpeter (Self parawes the Copyright and British Telegram Employee Chares Totalees City in a self-culters first over sonormal and on the Stand of Many Perenue and the properties of the Envelope Act 1976 is a smallest facility of the Envelope with the Offer for

The Statemental base people of the specified of actions of the specified of the specified of the Statement of St

environment at may by retering the date but of their date can have part and paste in all respects with the ordinary states like in indice and all the pushed because if the average masses the first the first dealing days on which ordinary shares are quoted explainted at like average masses the first the first dealing days on which made is the Council of the army favoring the first and and it on the Edition. Let As required by the Finance Art. All maters about the Truthes at the expense of the Company and participating substituted by the finance Art for a manifold of the truthes of the company and participating substituted by the finance of the information of the assessment of the date may may not be sold except on death, the attainment of the first remaining apply against the entities of reading and provided the provided by employees. The first remaining the mean the formation and may then be the first the employee. While any shares so held in trust the respective engineers and he to be seen that the respective engineers and the the sections and will be entitled to receive dividends and direct the excesses of string signs.

Employee Sharesave Scheme Employee Sharesave Scheme

The Company has edopted a [as in purelested flare Totion Enternet the Thanesare Scheme*] which has been submitted for approval to the Inland Revenue other the provide the Finance Act 1980.

To grin the Charesave Scheme, an elliphie employee must empt after a laive Act 1980-bennet readings. Contract thereby agreemy to make some months of months and arrotate so the employee shall determine, with a minimum of 10 and a massimum of all it is not in greater amount on the vice-duty 1150 at may from time.

to time be permitted by Statute Each employees o journing trull be entitled to apply for agricults, cultionable for or timery charges at a price determined by the European being sto fors that the higher of 197 per dant of the market value of such shares has agreed with the Inland Personal on the divertible and struct to take up writing and in their nominal amount. At the election of the Direction corons must be granted as to translate of Sec. This card provided that the number of charges is limited to that handler, much may be exchanged as the uncomplying process of or the repayment proceeds concluding bodom of the relevant Country Constant.

process uncounty points for the releast Callings Libraria.

Options may only be offered by the Electrics within ask needs of the care of the Offer for Sale and subsequently within our meets of the amiunicativity of the Electricativity of the care of the aniunicativity of the Electricativity of the majority only be exercised to a period of ask of the country of the appropriate lith or seventh aniunersary of the uniting date of the related Electricativity of direction may increase, be exercised earlier than this in the exent of death reticement by respond directly to directly the dundancy, or an stability or contractual retirement age for, after those years from the date of poor". In each retirement or on the transfer of the option holder's employing company out of Strick Election. In these communicative however, options may only be exercised in an amount not exceeding such part of the proceeds of an option hidder's Savings. Contract as represents repayments of contributions made repetiter with any period of interest paid. Options are not transferable and will lapse dian option hader leaves the certical of 5th tion Telecom other than in the groumstances referred to above. Options are also exercisable in the event of sunding up or liquidation of the

Virbin 30 days of the exercise of an option, ordinary shares will be allotted and issued to the option holder concerned and such shares will tank rankeed to dividend and other entitlements arising by reference to a date prior to their issue) pair passu with the ordinary shares in issue. An application will be made to the Council of The Societ Exchange for their admission to the Official List.

The Company will first operate the Sharesave Scheme shortly after the Citer for Sale when up to 21 per

cent, of the then usued ordinary share capital will be made available for such opinors. Eliquide employees who apply to join the Sharesare Scheme at this time will be granted options to intracribe for the shares at a subscription price of 50 per cent, of the market value of such shares using the proceeds (including the bonus). of a 5 year Savings Contract, but subject to scaling down in the event of ever-application. The subscription price of the chares placed under option will be based on the average market value of the Interim Certificates and on the value of the outmanding installments on the date of invitation to take up options of such earlier date or dates not being before 10th December 1994, as may be agreed with the Intand Perenue. Share Option Scheme

The Company has adopted a Share Option Scheme the "Option Scheme", which has been submitted for

approval to the intand Revenue under the provinces of the Finance Act 1984.

All full-time employees (including executive Directors) of the Company and its subcidiaries are eligible to be nonmated for participation in the Option Scheme as the invitation of the Directors, who have a discretion in selecting employees to whom options are to be granted and in determining the number (cubject to the limitations set out below) and terms of options to be so granted.

Options so granted will be for a period of 10 years and will entitle the recipient to subscribe for ordinary

shares in the Company at a price determined by the Directors, being not less than the higher of (ii) the market value of such shares (as agreed with the Inland Revenue) on the date of grant of the options and (ii) their nominal amount. Each individual's participation will be limited so that the aggregate prices of all shares ssued and remaining issuable under options granted to him will not exceed four times the relevant individual's Othors may only be granted by the Directors within his weeks of the date of the Offer for Sale and

eent of the Company's Interim or final results in any year An option will normally be every sable only after the ergory of three years from the date of its grant Ophons may, however, be exercised earlier than this in the event of death, retirement by reason of injury or bibly, redundancy, or (a) the discretion of the Ensectors) If the employee ceases to be employed by B

disability, required than by reacon of retirement or of any of these events Cohons are not transferable and will 'tapse it an option holder leaves the service of Entuch Telecom other than in the circumstances referred to above Cohons are also exercisable in the event of trinding-up or liquidation of the Company.

Within 30 days of the exercise of an option, ordinary shares will be altitude and instead to the option holder concerned and such shares will rank is object to dividend and other entitlements arising by reference to a date prior to their issues pair pass; with the ordinary shares in usual Application will be made to the Council of The Stock Fechance for their admission to the Official Lord. The Stock Exchange for their admission to the Official Lett.

The Stock Exchange for their admission to the Official List. The Company will first operate the Option Scheme shortly after the Offer for Sale when up to one-third of one per open, of the issued ordinary state capital will be made available for such options. About 200 genior employees uncluding executive Directors; will be offered options in multiplies not exceeding four times salary at the time of the Offer for Sale. The participants will be selected by a committee of the Charman and non-executive Directors. The autocraption price of the shares placed under option will be based on the average matfelt value of the Interim Ceruficates and on the value of the outstanding instalments on the date of the grant of options or such earlier date or dates, not being before 10th December 1994, as may be agreed with the hand Peweine. Inland Pevenue.

Share Scheme Limits

The three achemes are subject to the following hims on the number of shares which may be acquired by (a) not more than 600 000,000 ordinary shares (representing 10 per cent of the issued or timary share capital of the Company following the Offer for Safer may be subscribed by the Trustees under the Employee Share Ownership Scheme using funds provided by the Company and participating subsidiaries: the nor may than 60,000,000 container states terpresenting 10 per cent of the used ordinary share capital of the Company following the Offer for Safe; may be issued poissuant is options granted under the Sharesave.

101 not more than 300,000 000 ordinary shares (representing 5 per cent of the based ordinary share capital of the Company following the Offer for Saler may be issued pursuant to options grained under the Option Scheme;
(d) in any year not more than 1 per cent, of the issued ordinary chare capital of the Company may be subscribed by the Trustees of the Employee Share Ownership Scheme using funds provided by the Company and

(e) in any 3 year period not more than 3 per cent of such issued capital may in aggregate be so subscribed

ter in any 3 year period not more than 3 per cent of such issued capital may in aggregate be so subscribed by the Trustees or placed under option under the Option and Sharesave Schemes; and the Prustees or placed under option under the Option and Sharesave Schemes; and 19 in any 19 year period not more than 5 per cent, of such issued capital may be placed under option under the Option and Sharesave Schemes; and 19 in any 19 year period not more than 5 per cent, of such issued share capital may be placed under option.

The limits in (a), (b) and (c) above, but not the percentages, may be adjusted in the event of capital

6 HM Government Investment Limit

The 1984 Act requires that as soon as the Company ceases to be wholly-owned by the Crown the Secretary of State shalf fix a target investment hour for the Communications in the Company. The link target investment him will require the Secretary of State to ensure that the proportion of coning rights which are carried by the Government shareholding and which are exercisable in all circumstances at Ceneral Meetings of the Company is not increased beyond the proportion carried by the Government shareholding immediately following the Offer for Sale. The Secretary of State may from time to time fix a pew larget investment time, which nust be lower than the one previously in force.

United Kingdom Taxation

Taxation of Dividends

When paying a dividend, the Company has to remit to the Inland Pevenue an amount of advance corporation tax (ACT) at a rate which is related to the basic rate of income fax and is currently 3.7 his of the dividend paid. Accordingly the ACT related to a dividend currently equals 30 per centrel the sum of the cash dividend plus

For shareholders resident in the United Kingdom, the ACT paid is available as a tax credit, which individual shareholders who are 50 resident may set off against their total income tax bability or, in appropriate cases, reclaim in each. A United Kingdom resident corporate shareholder will not be habtle to United Kingdom. corporation tax on any dividend received. Whether holders of shares in the Company who are resident in countries other than the United Kingdom

are entitled to a payment from the injurid Perenue of a proportion of the tex credit in respect of dividents on such shares depends in general upon the providings of any double lag convenient or agreement which exists between such countries and the United Engigent Periods who are not recident in the United Engigent Periods who are not recident in the United Engigent Periods. consult their own tax advisers on the possible epitheability of such previous the procedure for claimant payment and what select or credit may be claimed in the jurisdiction in which they are resident for such tax.

The foregoing applies equally to holders of interim Certificates

Stamp Duty with respect to Interim Certificates.

The Secretary of State is advised, and the Intand Recembe has confirmed, that its No transfer of enrillements endenced by Internal Cartificates and quality for the nel rate of stamp dury or transfers for £30,000 or less laid down by section 55 of the Finance Act 1963 as amended by section 150 of the

(b) Ad valorem stamp duty (currently at the rate of one per cent with be charged on the consideration for transfers of such entitlements, or in contain discussiones the master value if greater, but in each case ignoring the habitry assumed in respect of ungard installments.

The installment Agreement provides that the Secretary of State will put any stamp duty on the transfer of

shares to the holders of interim Certificates when the final monaiment is paid.

Material contracts

The following contracts not being contracts in the ordinary course of trainies; have been entered into within the period of two years immediately preceding the publication of this document and are or may be.

for The Trust Deed dated tith August 1994, made between the Company and The Law Dybenning Trust. Corporation pilot as numbers under which the Loan Stocks are concluded.

(b) The Trustee Side Agreement and the Loan Drock Meratorium Agreement referred to in paragraph I above.

(c) The agreement referred to m paragraph 10 Jb, below.

9 Litigation

Nother the Company for any of its subsidiance is, or has in the recent past been, engaged in any inigitization of arturation which may have, or has had, a significant effect on the instructal prattice further than the control of the instructal practice. peral ons) of Relich Telecons, and no biligation or claim which may have such an effect is known to the

10 Subsidiaries and Investments

.c. The fellowing subadia	oties of the Compan Country and year of incorporation	y are currently trade Share capital	ng Percentage of state -capital or interest held	Principal activity
Erdiah Telecom Celtular Radio Ltd.	England 1983	£	100%	Cellular radio system equipment supplier
Telecom Securious Celfular Padio Limited	England 1983	- £2 400 000	51%	Cellular radio system operator

Since its incorporation. Telecom Securicor Cellular Radio Limited has assued, credited as July paid, a total of 2 400 000 ordinary shotes of \$1 each, of which 1,224,000 were issued to British Telecom and 1,176,000 were issued 19 Securicor Communications Limited.

are British Telecom has invested a further £3 million in Intelsar during the period 1st April 1984 to 30th September

Unaudited Balance Sheets at 30th June 1983 and 30th June 1984

ed Balance sheets as at 30th June 1983 and 1994 are set out below:

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capital for its present requirements.

13 Underwriting

(a) Ah Agreement (the 'UK Underwriting Agreement') dated 16th November 1984 between the Secretary of State for Trade and Industry (the 'Secretary of State') and Kleinwort, Benson Limited and the United Kingdom underwriters named therein (the 'UK Underwriters') provides, inter aha, for the underwriting of 2,597,000,000 Ordmary Shares (the 'UK Portion') in consideration of a commission payable by the Secretary of State to Kleinwort, Senson Limited on behalf of the UK Underwriters at the rate of 0.375 per cent of the aggregate value at the Offer for Sale pince of the UK Portion, in addition, the Secretary of State has agreed to pay fees to the Brokers to the Offer for Sale pince of the Offer for Sale by the Offer for Sale by the Secretary of State and as his agreed to the Differ for Sale Directors of the Offer for Sale Directors and as the sale of the Brokers of the Offer for Sale Directors are the whole Sale of the Brokers. agent for the purposes of the Offer for Sale, together in each case with value added tax thereod.

(b) An exchange of letters (the Bank of England Agreement) daled 16th November 1984 between the Secretary of State and the Covernor and Company of the Bank of England (the Bank's provides inter at a for the purchase of up to 415 000,000 Ordinary Shares (the Oversoas Portion?) by the Bank, in consideration of a commission payable by the Secretary of State to the Bank at the rate of 12 per cent, of the aggregate value at commission payable by the Secretary of State to the Bank at the Park of 15 per cent, or the aggregate varie at the Clifer Liv Sale price of the Overseas Perton, in the event that the Overseas Perton is not taken up by the Potenth Offerings referred to in (f) below, subject to the relevant provisions referred to in (g) below. The Bank of England Agreement provides that the Bank will not sell any Overlanay States so purchased by the Bank at a price of less than 63p per chare prior to payment of the second instalment thereon and prior to the payment of the linal instalment thereon, subject to appropriate adjustment to such purces in the event of a capitalisation usue or issue by way of trights of ordinary share capital by the Company or other reorganisation of such chare capital.

(c) The UK Underwriting Agreement and the Bank of England Agreement contain certain warranties and indemnities by the Secretary of State. The UK Underwriting Agreement provides for termination, inter also, in the event of material change in relevant conditions, if it is terminated, the Bank of England Agreement will also

ridi in respect of the whole of the UK Portion, invitations are being made on 16th November 1984 to institutional investors "Priority Applicants") and to Swiss Bank Corporation informational Lamited has referred to Institutional investors "Priority Applicants") and to Swiss Bank Corporation International Lamited has referred to in retibelow, who will each be guaranteed a minimum number of the Ordinary Shares or offered (Placing Shares), in adjurgation proceeding 55 per cent of the Ordinary Shares ordinaries in the UK Portion, Priority Applicants will also offer to purchase (subject to applications received under the Offer for Sale) up to the balance of the Ordinary Shares comprised in the UK Portion ("Commitment Shares"). Priority Applicants will receive from the Secretary of State a commission of [1] per cent of the aggregate value at the Offer for Sale price of their Commitment Shares and a commission of [1] per cent of the aggregate value at the Offer for Sale price of their Commitment Shares in the event that the UK Portion is not covered by applications from Priority Applicants, the UK Underwriters will act as Priority Applicants for Commitment Shares. Certain stockbrokers will receive from the Secretary of State a commission of 0.125 per cent, of the aggregate value at the Offer for Sale price on applications from Priority Applicants introduced by them.

(e) By an agreement dated 15th November 1984 between Kleinwon. Benson Limited and Swiss Bank. Corporation International Limited (SPCT), SPCI has agreed to purchase 49,900,000 Placing Shares and has applied for 40,900,000 Commitment Shares for a commission of 11 per cent. of the aggregate value at the Offer for Sale price on the shares comprised in its application and a selling concession of 11 per cent. at the aggregate value of the Offer for Sale price on the shares in respect of which its application is accepted.

If I is expected that in the week commencing 25th November 1984, separate underwriting agreements in respect of the Overseas Portion will be entered into by the Secretary of State with (1) Morgan Stanley &-Co. Incryporated and a syndicate of underwriters in the United States (the "Canadian Underwriters"), (2) McLeod Young Wear Limited and a syndicate of underwriters in Canada (the "Canadian Underwriters") and (3) The Nomura Securities Co., (i.d. and a syndicate of underwriters in Japan (the "Japanese Underwriters") These agreements are expected to contain provisions to the following effect: (i) the U3. Canadian and Japanese Underwriters will agree to purchase a lixed number of shares which may in total be higher than the 415,000,000 shares provisional allocated as the Overseas Portion tull the U5 Underwriters will purchase the shares at a price of between 3) per cent and 3) per cent, less than the offering price of the shares in the United States (which will be the U3 dollar equivalent of the United Kingdom Offer for Sale price), the Canadian Underwriters will receive commissions of between 3) per cent and 3) per cent of the aggregate value at the otherwriters will receive commissions of between 3) per cent and 3) per cent of the aggregate value at the otherwriters will receive commissions of equivarient or the cames surgion over for sale price), the careatien Underwriters will receive commissions of between 3) per cent and 3) per cent of the aggregate value at the offense; and the Japanese Underwriters will receive commissions of 3) per cent of the diagregate value of the shares purchased at the United Kingdom Offer for Sale price in addition, overseas underwriters will receive advisory fees and will be reimbursed for contract and additional contracts in 1997 Commissions. s and disbursements by HM Government.

(g) The UK Underwriting Agreement contains provisions whereby, at the discretion of the Secretary of State, the number of Ordinary States which the US Underwriters, the Canadian Underwriters and/or the Japanese finderwriters agree to purchase may exceed the Overseas Portion. In that case, the excess will be treated as applications under the Offer for Sale. The Bank of England Agreement contains provisions whereby, if the number of Ordinary Shates for which applications are made under the Offer for Sale (other than by Priority Applicants in tespect of their Commitment Shates) exceeds the UK Portion, such applications will be used to reduce the commitment of the Bank to purchase Ordinary Shates in the event that shares taken up under the Foreign Offerings referred to in (f) above do not comprise all of the Overseas Portion

this in respect of the Offer for Sale and the Foreign Offerings, the Company has entered into an Agreement dated 16th November 1994 with the Secretary of State and the Directors and certain employees of the Company where the interest and certain employees have given to the Secretary of State a warranty relating to this Offer for Sale and the Directors, subject thereto and certain employees have received an indemnity from the Secretary of State in relation to certain liabilities under the Offer for Sale and the Foreign Offerings, fur the Company has given to the Secretary of State an indemnity in relation to those parts of the offering documents which relate to British Telecom to be used in the Foreign Offerings and has received, subject thereto, an indemnity from the Secretary of State in relation to the Foreign Offerings and this the Company has undertaken to the Secretary of State in relation to the Foreign Offerings, and this the Offer for Sale and the Foreign Offerings. in The Company has been advised that in each of the relevant jurisdictions (the United States of America)

Consider and japan; it potentially has liabilities in respect of material missiatements in or omissions from the registration studements and final prospectuses to be filled and/or distributed in connection with the Foreign Offerings and that in most cases such liabilities would be struct. The Company has received an indemnity from the Secretary of State relating to such liabilities as described in thyliny above.

14 Miscellaneous

(a) On addussion to the Official List, the Ordinary Shares will be "wider range investments" within the meaning of the Trustee Investments Act 1961.

150 The expenses of the Offer for Sale to be borne by British Telecom are estimated to amount to £8,400,000.

15) the expenses of the Otter for sale to be bothe by british a recount are estimated to another to sale including rexcitative of value added tax). The balance of the expenses of and incidental to the Offer for Sale (including under Artiful Commissions and the preliminary expenses of the Company) will be borne by the Secritary of

er 3 G. Warburg 5 Co. Lid. will receive a fee from the Company for its services as financial advisers to the Company which is included in the expenses in connection with the Offer for Sale as referred to in (b) above:

do in addition to the underwriting commissions payable by HM Covernment to the underwriters described in 10: In addition to the underwriting commissions payable by not coveriment to the underwriters described in paragraph 12 above. HM Coveriment will pay commissions to United Kingdom stockhowlers, banks and other innament intermediatries on applications to the extent successful (other than Priority Applications and applications made by employees and pensioners under the special arrangements described above) bearing their straight and their VAT registration number, it any, as follows:

If on any application in to \$10,000 submitted through stockhowlers, 2 per cent of the Office for Sale price.

of which Is per cent on the case of banks; and it per cent (in the case of other financial inter-

will be reallowable.

in: on any application up to £10,000 submitted through banks, 1! per cent of the Offer for Sale price;

in: on any application over £10,000 submitted through stockbrokers, 2 per cont, of the Offer for Sale price;

on the first £10,000 reallowable as set our above and ! per cent on the balance of which

in per cent on the case of banks) and ! per cent (in the case of other financial infermediance)

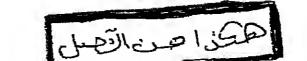
will be reallowable, and fiv) on any application over £10,000 submitted through banks 11 per cent of the Offer for Sale price on the

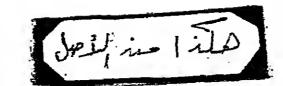
five on any application over £19,000 submitted intrough banks 1; per cent of the Orier for Sale price in the Liu £19,000 and £ per cent on the balance. These commissions will only be possible for reallowable) to United Empdoin recognized banks (within the meaning of the Banking Act 1979), the Bank of England and the National Circbank, stockbrokers and cortain other financial intermediaties. In addition HM Covernment has agreed with certain that the covernment has agreed with certain the financial intermediaties. communication, will also be payable to thom on the same basis as applications submitted through United Kingdom

Courts to the United Kingdom financial informediaries eligible for such commissions include:

Solutions of the Supreme Court, Members of the Institutes of Chartered Accountants, Members of the Chartered

Association of Certified Accountants, Lecensed Deposit Takens within the meaning of the Banking Act 1979, Licensed Dealers as defined in the Licensed Dealers Rules 1963, Insurance Brokers as defined in the Insurance





Financial Times Tuesday November 20 1984

Brokers Registration Act 1977, Members of the: British Insurence Brokers Association, National Association of Securities Dealers and Investment Managers, Linked Life Assurance Group, Life Offices Association and Life Insurance Associato

Insurance Associates

Commissions payable by HM Covernment will be rounded down to the nearest 50p and will be paid together with value added tax thereon. No commission will be payable to any person who would otherwise be entitled to a payment of leas than £2.

No commissions will be paid on multiple applications. HM Covernment reserves the right to audit any commissions that may be payable and has appointed Peat, Marwick Milchell & Co. as auditors for this purpose. HM Covernment further reserves the right to withhold payment of commissions in the event of tickbrokers, banks or other infernediance shings to estay the auditors at to compliance with the foregoing.

(e) Hereditaments occupied by posts, wires, ducts and other apparatus used by British Telecom for the purpose of providing telecommunication services and which are outside buildings are taled in accordance with a formula authorised by a statutory order made from time to time under the Local Covernment Act 1974 and the Centeral Rate Act 1967 (and equivalent legislation). The 1994 Act innoduced the power to apply the procedure to such types of telecommunication apparatus within buildings in February 1984, the Department of Trade and industry gave assurances to British Telecom that there was no intention of implementing this power in relation to almost all British Telecom's relacion of its apparatus. The effect of the power if it were to be exercised, would depend in part on the outcome of discussions which would have to take place between British Telecom. HM depend in part on the outcome of discussions which would have to take place between Brush Telecon. HM Government and the local authorities. The Company does not consider this would have a material effect on

(f) The installation on or above ground outside buildings of most of British Telecom's telecommunical (i) The installation on or above ground conside buildings of most of British Telecom's telecommunication appearants is currently exempt from the requirement under the Town and Country Planning Act 1971 and equivalent legislation) to obtain planning permission. The 1984 Act contains a power to repeal this exemption. HM Government proposes that the installation of manor relectommunication apperatus under the powers contained in Schedule 2 to the 1994 Act (the Telecommunications Code) should be deemed to be permitted development under a new General Development Order. Until the Ceneral Development Order is unlikely to the Company to predict, but the Company considers that the Ceneral Development Order is unlikely to have a material effect of British Telecom's financial position (g) HM Covernment bias sendenced its intention to extend eliquidity for Regional Development Crants to certain parts of the service sector in deciding on new qualifying activities HM Government will seek to avoid payment of grant where this is unlikely to bring about an increase in the overall level of activity in the locality concerned. Value added network services and the provision of cable TV are likely to be qualifying activities in this context.

parts of the service sector in decoding on new qualitying activities HM Government will seek to a rold payment of grant where this is unlikely to hining about an increase in the orerall level of activity in the locality concerned. Value added network services and the provision of cable TV are likely to be qualifying arthrities in this context. The extension of Regional Development Grants to the service sector could have a minor lavourable effect on Etilish Telecom but could be of more benefit to some of its compeniors.

(ii) Kleinwort, Benson Limited and S. G. Warburg 3, Co. Lid have given and have not withdrawn their written consent to the issue of this document with the inclusion of their letter in the form and context in which it is included. Coopers & Lybrand have given and have not writtdrawn their written consent to the issue of this document with the inclusion of their letter and the references there on the form and context in which he form and context in the form and context in which he was included. It is included. R. Watson & Sons have given and not writtdrawn their written consent to the issue of this document with the references to their name in the form and context in which hey are included. It is included. The precious have been advised that the Company is not expected to be a close company, as defined in the Income and Corporation Taxes Act 1970, immechately following the Offer for Sale.

(i) Any person (including any natural person, company, government in political subdivision thereof, which becomes the "beneficial owner has been becomes subject, under the terms of the Exchange Act to an obligation to file prescribed reports of beneficial ownership and reports of changes in such ownership) with the United States Securities and Exchange Commission (the "SEC"), the New York Stock Exchange and the Company on the form prescribed by the SEC. Any person including any individual, partnership or instead reports of cha

15 Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Saughter and May, 35 Basinghall Street, London ECZV 5DB chiring usual business hours on any weekday (Saturdays excepted) for a period of twenty one days following the date of this Offer for Sale:

(a) the Memorandum and Articles of Association of the Company:

(b) the 1994 Act and the relevant statutory instruments, directions, orders, consents and appointments

mercanner; ic? the lucences granted to British Telecom referred to in Part I; (d) the audited accounts of the Corporation for the two years ended 31st March 1984; (e) the Accountants' Report together with their statement setting out the adjustments in figures contained in the Report; (f) the written consents referred to in paragraph 14(h) above; nts made in arriving at the

(g) the Instalment Agreement: (h) the Trust Deed constituting the Employee Share Ownership Scheme, the rules of the Sharesave Scheme

and the rules of the Opuco Scheme referred in in paragraph 5 above;

(i) the Directors' service agreements referred in in paragraph 3 above;

(ii) the contracts referred to in paragraph 8 above;

(i) the UK Underwitting Agreement and the Bank of England Agreement.

Part V

o 1983 and

Dealing Arrangements

If you are allocated shares under the Offer for Sale, you will be sent a Letter of Acceptance (a temporary document of fitte) in respect of those shares. It is expected that dealings on The Stock Exchange will commence on the dealing day following the amouncement of the basis of allocation, for deferred settlement two dealing days after that on which Letters of Acceptance are posted. Bealings prior to receipt of Letters of Acceptance will be at your risk analyses must recognise that your application may not have been accepted to the extent

The timetable for dealing arrangements and for payment of instalments is as follows:

Letters of Acceptance may be renounced until 3 pm on 8th March 1995 ters or negopeance may be reinfluence—which involves the complemen of a letter of Acceptance—which involves the complemen of a letter of Acceptance—is the complement of a letter of Acceptance—you may sell or otherwise dispose of rights to the shares allocated to you free of stamp duly for a limited period. Detailed instructions will be set on in the Letters of Acceptance. Therealter your rights will only be transferable in registered form and strong duty will be payable by the person to whom they are transferred.

Your rights will be transferable by delivery of a completed transfer form together with a Letter of Acceptance of a temporary document of title issued to transferees

from 11th March to 3 pm on 31st May 1985 Notices for payment of the second instalment will be posted together with interim Certificates.

Your rights will be transferable by delivery of the Notice for on 31st May 1985

payment, the interim Certificate and a completed stock transfer from

from 1st June to 3 pm on 24th June 1985 It should be noted that no transfer lodged for registration after 1st June 1985 with a Notice for payment and an Interm Certificate will be accepted for registration unless accepted dealings set out below.

Payment of the second instalment will be evidenced by a receipt on your Interim Certificate; it must be paid by

The final instalment must be paid by

3 pm on 9th April 1986

3 pm on 34th June 1965

Full details regarding payment of the second and final instalments, together with the dealing and transfer arrangements after 24th June 1965, will be contained in the Notice for payment of the second instalment.

Special arrangements will apply for Stock Exchange dealings as follows:

Dealings in recounced form will cease on 5th March 1965.

Dealings on or after 28th May 1965 will be on the footing that the second instalment will be paid by the seller and will be for deferred settlement on or after 25th June 1985 against delivery of a stock transfer form and the interim Certificate, duly receipted as noted above. Special Dealing Arrangements

The Regional Coordinators listed below will effect sales and purchases of entitlements to Ordinary Shares In the Company at the following reduced rates of commission until 31st December 1986: PURCHASES SALES

£5 £7 £1 012 Up to \$424 Up to £606 plus value added lax, contract stamp (if applicable) and, on purchases, stamp duty. Dealings in larger amounts will be at the normal commission rates.

Summary of Instalment Agreement

Payment of Instalments

Since the shares are to be paid for over a period of 17 months, special provision has been made to enable purchasers to sell freely and without prejudicing the infarests of the Secretary of Sale as seller. Accordingly an agreement dated 16th November 1984 (the "Instalment Agreement") has been entered into between the Company, Lloyds Bank Pic (the "Onstodian Bank") and the Secretary of Sale for Trade and industry in which every purchaser will be a party. The machinery adopted by the Instalment Agreement provides that shares sold on instalment terms will be registered in the name of and retained by the Constodian Bank until they have been fully paid for, Instally, entitlements will be evidenced by Letters of Acceptance. As explained above, the Custodian Bank will on 31st May 1985 issue to each person, then entered in the register maintained by the Custodian Bank (persons for the time being so registered being referred to below a "Registered Holders") as centiled subject to the Instalment Agreement to Ordinary Shares (Related Shares), a Notice of Psyment for the second instalment together with an Interim Certificate for his Related Shares. This certificate, however, will only be valid as evidence of rights in Related Shares for transfer purposes after 24th june 1985, of it has been receipted to evidence payment of the second instalment. Upon payment of the final instalment, the Related Shares in the second instalment will be entitled through the agency of the Custodian Bank to cancel the sale of that Related Share and sell it to an alternative purchaser. In that event, such a Registered Holder will be entitled through the agency of the Custodian Bank to cancel the sale of that Related Share and sell it to an alternative purchaser. In that event, such a Registered Holder will be entitled in repayment of the amount of any instalment alternative purchaser. In that event, such a Registered Holder will be entitled in repayment of the amount of any instalment alternative purchaser. In that event,

Capitalisation Issues and Non-Cash Dividends

Capitalisation Issues and Non-Cash Dividends

The Instalment Agreement contains special provisions with respect in capitalization issues. If there is a capitalization issue of Ordinary Shares ranking part passar in all respects with the existing ordinary share capital of the Company, such shares are excluded from the contract of sale constituted by acceptance of this offer. However, the Instalment Agreement provides that each Registered Holder will be deemed, upon such an issue taking effect, to have agreed to purchase each of such shares on the formula basis described below and the Secretary of State will be deemed to have agreed to reduce the price for each of the existing chares thready sold, on the same formula basis. The formula prescribes that the purce agreed to be paid for each original share is provided over the original share and the new share(s) applicable thereto and the instalments remaining in be raid alter the date of the capitalization issue will likewise be contracted in that was all Resistance Halders will is proristed over the original share and the new share(s) applicable thereto and the instalments remaining in be paid alier the date of the capitalisation issue will likewise be promited. In that way, all Registered Holders will be obliged to pay no less and no more for their increased bolding than for the original holding and the right of the Secretary of State to receive further instalments in respect of each share will likewise remain unallected save that such night will be promited over the increased bolding in the manner described. Where the Company makes a capitalisation issue of securities other than Ordinary Shares, or a non-cash distribution, to bolders of the Ordinary Shares prior to the payment of the final instalment in respect of the Related Shares, the Custodian Bank will return such issue or distribution until payment of such final instalment. The Custodian Bank will then transfer the same to the Registered Holder of such Related Shares, Registered Holders at the time when such an issue or non-cash distribution is transferred by the Company to the Custodian Bank may have a tax hability in respect of such issue or distribution which may lait to be satisfied before the Custodian Bank transfers such distribution to the Registered Holders entitled thereto following payment of the final instalment. See "Taxes etc." below.

Other Matters

Other Matters

A copy of the Instalment Agreement is available for inspection as noted in paragraph 15 of Part IV. Subject to the due payment of instalments and to 'Capitalisation issues and Non-Cash Dividends' above, the Instalment Agreement is designed to confer upon purchasens and their successors in title as nearly as practicable all the same rights and privileges, and to impose the same restrictions on rights, as are conferred or imposed on members of the Company by the terms of the Memorandium and Articles of Association of the Company. In particular, Registered Holders will be entitled to participate in cash dividend in rights issues, to vote at meetings and to receive documents in like manner as if they were registered members, but subject to the following special provisions which appear in the Instalment Agreement:

(a) Limitation on fieldings: While the Instalment Agreement remains in effect, any disposals required under the provisions of the Articles of Association which that the sace of shareholdings as described in paragraph 2 of Part IV above will in general be of rights evidenced by Interim Certificates, rather than of the underlying shares and the Instalment Agreement provides for this.

(b) Limitations on duties and Lability: The Instalment Agreement contains a number of limitations on the liabilities and duties of the three parties above named to purchasers and their successors in title which are fully set our

in the experiment and which include but are not limited to the following. The Company, the Custodian Sane and the Secretary of State agree only to use their reasonable endeavours to good tath to ducharge the obligations specifically imposed upon them to purchasers or their successors in title by the Instalment Agreement. They will not be under any obligation or duty or here any liability whatoever if delayed in or prevented from discharging those obligations or duties by the provision of some law whether present or future and of whatever territory, or by some Act of God, war, or other circumstance beyond their control in particular, the parties will not be liable for accepting any document taken in good forth to be authentic although the same be lorged or

per anneance.

The Guardian Bank will not be hable for any taxes, duties or governmental charges or expenses which may become payable in respect of any Belated Shares or rights and obligations evidenced by Interim. Certificates, but if the Custodian Bank receives a demand for any such sum then the Custodian Bank has an absolute discretion whether to pay the same and if it decides to pay the same then such part of the sum demanded as is proportionate or referable to the Related Shares shall be payable on request by the Registered Holder or joint Registered Holders thereof to the Custodian Bank in accordance with the procedure set on in the Instalment Agreement. Failure by any Registered Holder to meet any such require stay result in the sale

ld: Amendment to the Instalment Agreement: The Instalment Agreement may be amended without the consent of the purchasers by agreement between the other parties for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein or in any manner which those parties may deem necessary in expedient and which does not in their opinion materially prejudice the purchasers. Provision exists for the calling of meetings of Registered Holders to consider any business which is appropriate for Pegistered Holders to consider, including approval of an alteration to the Installment agreement not falling within the foregoing power to amend. A resolution passed at such a meeting binds all holders, let Taxanon and compliance with laws and regulations. The Custodian Bank may require Registered Holders. true time to time to execute of furnish such documents as may be necessary or appropriate to comply with any fiscal or other laws or regulations relating to the fielded Shares or rights and obligations evidenced by Inform Certificates.

The above rights and semedies are in addition to other rights and remedies which the Secretary of State may have end the exercise or a failure to exercise or delay in eventsing any of the laregoing rights or temedies or any other right or remedy either in whole or in part will not bur the exercise of any right or remedy on relation to any default by one or more Registered Holders; against any or all Registered Holders thereafter.

This Part V does not apply to shares acquired by employees under the Free and Malching Cifera described

Part VI

A. Bill Voucher and Share Bonus Arrangements

If you buy shares under this Offer for Sale, you may be eligible to receive from HM Government free of charge ETHER bull vouchers for use against British Telecom telephone bulls OR a share bonus. These arrangements are special to the Offer for Sale.

To be eligible to apply for bill wouchers or the share bonus, you must apply for shares as an individual investing for yourself alone; or you must be investing jointly with one other individual, solely on behalf of one or both of you. Companies, partnerships, firms, trusts, associations and clubs are not eligible unless they are acting as nominees for which there are special provisions described below.

Each bill voucher will have a face value of £18. The number of vouchers you receive will depend on the number of shares continuously held by you from the acceptance of your application for shares to certain qualifying dates, as shown in the table below. The maximum number vouchers you can receive is 12.

				Qualitying dates			
	3 5th	23rd	23rd	23rd	23rd	23rd	Total
	June	December	June	December	June	December	
	1985	1985	1986	1986	1987	1987	
Number of							
shares held			- Numbe	r of vouchers you	receive ·		
200 to 399	Ī	-	_	~-	_	_	1
400 to 799	2	_	_	-	_	_	2
800 to 1,559	2	2	_	-	_	_	4
1 600 to 2,399	2	2	2	2	_	_	8
2,400 or more	2	2	2	2	2	2	12

(For example, if you buy 800 shares under the Offer for Sale, you will be sent a total of 4 vouchers provided to hold that number of shares until and including 23rd December 1985. If you hold that number of shares only you hold that number of shares until and including 23rd Dece well 22rd December 1985, you will receive only 2 vouchers?

Vouchers will be posted to you about six weeks after each qualifying date, in the case of joint investors, vouchers will be posted to the first-named investor on the Application Form.

Conditions for Use of Vouchers

You will only be able to use one youther against each telephone bill (which means a British Telecom bill or budget account statement including charges for telephone services). Each voucher will expire ten months after its qualifying date. You may use a voucher when paying a telephone bill by any method currently available (and which continues to be available at the time of payment) except at a bank or by means of a bank giro payment or a National Grobank transfer. If you normally pay by standing order or direct debit, you will have to send the voucher with your telephone bill to your local British Telecom area office.

Vouchers will be issued in your name or, in the case of joint investors, in both names. They can only be used against your telephone bill or that of your husband or wile. If you are investing jointly with one other individual, the vouchers can be used against the bills of either of you or your spouses. When used, names on vouchers will be checked against names on telepho You or your spouse must, if required, be prepared to complete a declaration that the voucher is being used in accordance with these conditions. If you use a voucher against a telephone bill which is for less than £18, a credit will be carried forward except in the case of a final bill for a particular telephone number when the credit will be lost.

Share Bonus

You will be entitled to one extra share for every ten shares continuously held by you from the acceptance of your application for shares to the qualifying date, 30th November 1987. Up to a maximum of 4,000 shares held by you will count for this purpose and therefore the maximum number of extra shares you can receive is 400. You will not receive fractions of shares. mber of extra shares you can receive is 400. You will not receive fractions of shares.

Those shares will be transferred to you as soon as practicable after the qualifying date

(together with all rights attactung to those shares from the date of transfer). Any stamp duty on the transfer will be met by HM Government.

Applying for Bill Vouchers or the Share Bonus
If you wish to apply for either bill vouchers or the share bonus, you must complete EITHER
Box A OR Box B on the Application Form.

If you complete both boxes, you will be deemed to have applied for bill vouchers only. Only one application for vouchers or the share bonus can be made on your behalf whether alone or jointly with someone else.

If more than one such application is made on separate application forms, you will not be

enalled to bill vouchers or the share bonus on any application whether or not it is accepted. By applying for bill vouchers or the share bonus, you will be warranting that you are eligible to do so and that, in the case of bill vouchers, you will comply with their condutions of use.

Disposals of Shares and Loss of, and Changes in, Entitlement

Your entillement to bill vouchers or the share bonus will depend on the minimum number of shares that you hold from the acceptance of your application for shares to the relevant qualifying dates. Therefore if you dispose of shares during that period and your shareholding falls below its initial fevel, your entitlement may be reduced accordingly (whether or not you later acquire more shares). In the case of joint investors, a disposal by either of them will be treated as a disposel by both.

Any entitlement to receive bill vouchers or the share bonus will cease on death (although vouchers already issued will remain valid). In the case of joint favestors, the surviving investo will remain eligible for bill vouchers or the share bonus. You will not receive bill vouchers so long as any instalment due on your shares remains unpaid and you will lose all rights to bill vouchers or the share bonus if as a result some part of your entitlement to shares is cancelled or proceedings are commenced to recover the instalment. The number of shares necessary to qualify for bill vouchers or which will qualify for the share bonus will be amended pro rata (ignoring fractions), if there is any capitalisation issue or any consolidation or subdivision of the Company's share capital.

United Kingdom Tax Position

The Inland Revenue has confirmed that the following will be its practice under existing law. The inland Revenue has confirmed that the inhowing will be its produce mater examing sow. Bill vouchers will be free of income tax but will reduce the base cost of your shares (by the value obtained from the vouchers) for capital gains tax purposes. The share bonus will be free of income tax but will be (reated for capital gains tax purposes as if acquired at market value on 30th November 1987. However, you will not be fiable to capital gains tax unless, in the financial year when you dispose of your shares, the total chargeable gains of that year of you and your spouse exceed the annual exemption limit, at present £5,600. Dealers in securities are covered by different tax arrangements.

Employees and BTSSS Pensioners

If you are an employee of British Telecom, you will not be eligible to apply for bill vouchers or the share bonus in respect of shares you acquire under HM Government's Free Offer and Matching Offer. However, you will be eligible in respect of any shares you buy under the special priority/discount arrangements. If you are a BTSSS pensioner, you will be eligible in respect of shares bought under your priority arrangements.

Applications by Nominees

Nominees may only apply for bill vouchers or the share bonus on behalf of one individual who would himself be eligible to apply. To qualify, the nominee must apply for shares jointly with the individual by entering the nominee's own name in Box 5 on the Application Form and the name of the beneficiary in Box 6. The nominee should sign Box 4 on the Application Form. Box 7 should be signed by the beneficiary or by the nominee on his behalf. Bull vouchers will be issued in the names of the nominee and the beneficiary but can only

be used by the beneficiary or his spouse. A nominee means an investor who retains no beneficial interest in his shares nor any right

to acquire such interest directly or indirectly from the beneficial owner. Residents of Kingston-upon-Hulf, the Channel Islands and Overseas In view of the cooditions for the use of bill vouchers described above, subscribers in

Eingston-upon-Hull and the Channel Islands and overseas resideots may wish to consider the share bonus. Special arrangements will be made to enable those investing under the overseas offerings to obtain an equivalent to the share bonus.

Where the context requires, references to shares in this Part A include references to shares represented by Letters of Acceptance and to entitlements to shares evidenced by Interim Certificates, References to holding shares or interim Certificates (except in the case of nominees) means being the beneficial owner of those shares as well as being (during the renunciation period) the addressee of the Letter of Acceptance relating to those shares and thereafter being the registered holder thereof in the register of the Custodian Bank or of the Company. Entitlements at qualifying dates will be measured by reference to the relevant register as at 3 pm on that

B. Procedure for Application

If you wish to apply for Ordinary Shares, you must complete the Application Form attached at the end of this document in accordance with the "Notes on How to Complete and Deliver the Application Form" set out below. You should apply only once. Any multiple applications or suspected multiple applications

are liable to be rejected or, in some circumstances, aggregated. Photocopies will not be accepted in any circumstances.

The right is reserved to reject, in whole or in part, any application; in particular any application which (alone or together with any other application made or believed to be made by or on behalf of the same applicant or another person associated with him) is for more than 600,000,000 Ordinary Shares will be rejected to the extent it exceeds that number and may also be scaled down the:eafter.

If you wish to apply and you are not clear what to do, you should consult a bank manager. stockbroker (including the Regional Coordinators listed on the next page), accountant, solicitor or other professional adviser. Your anemion is drawn to the arrangements for payment for the shares by instalments, ustil the final instalment has been paid, you will so long as you hold entitlements to shares be bound by the terms of and be party to the Instalment Agreement summansed in Fart V.

Applications by Employees and BTSSS Pensioners

Special arrangements have been made in relation to employees of British Telecom and BTSSS

Non-United Kingdom Applicants

No person receiving a copy of this document and/or an Application Form in any territory other than the United Kingdom, the Channel islands or the liste of Man may treat the same as constituting an investion to him, nor should be in any event use such Application Form, unless in the relevant territory such an invitation could lawfully be made to him without compliance with any unfulfilled regentration or other legal requirements, it is the responsibility of any person outside the United Kingdom, the Channel Islands and the Isla of Man receiving a copy of this document and for an Application Form and wishing to make an application hereunder to satisfy turnself as to full observance of the laws of the relevant territory in connection therewith, including the obtaining of any governmental or other consents or the compliance with other necessary termalities, and to pay any transfer or other taxes requiring to be paid in such territory in people. of the Ordinary Shares acquired by him under this Offer for Sale.

No applications will be accepted on the Application Form below from a US or Canadian person. A 'U5 or Canadian person' means any individual who is a national of or resident in the United States of Canada, or their territories or possessions or any corporation, partnership or other entity created at organised in or under the laws of the United States of Canada, or their termicries or possessions in any political subdivision thereof and any estate or trust which is subject to United States or Canadian federal income taxation regardless of the source of its income and shall include any United States or Canadian branch of a non-US or a non-Canadian

Successful Applications

The basis on which applications have been accepted with be announced as soon as possible after the application list closes, if there has been a heavy demand for shares, you may receive fewer than you applied by: If you are successful in whole or in part, you will be sent a temporary document of title, a Letter of Acceptance, for the Ordinary Shares allocated to you shortly after the announcement. The dealing arrangements are set out in Part V.

Unsuccessful or Partially Successful Applications

If your application is not accepted, all money paid on application will be returned (without interest) and, if your application is accepted in part, the balance of the money paid on application will be returned (without interest). Money will be returned as soon as practicable after the announcement of the basis of allocation, it will be sent by post at the risk of the applicantis)

Applications hereunder are made on the basis that, without prejudice to their other rights, successful applicants shall not be entitled to set aside their purchase of shares hereunder. See cendition (g) (xiv) pelow.

C. Terms and Conditions

(a) Acceptance of applications will be conditional upon the Ordinary Shares being admitted to the Official List of The Stock Exchange not later than 11th December 1984 (and until then your remillance may be presented for payment and if so it will be kept by a receiving bank in a separate bank account. If this does not happen your money will be returned (without interest), (b) It is a condition of the Offer for Sale that the provisions relating to termination of the UK. Underwrining Agreement referred to in paragraph 13(c) of Part IV are not implemented.

(c) The instalment Agreement provides that the contract made by acceptance (whether in whole or in party of any application shall for the purposes of that agreement constitute a separate contract for purchase and sale of each Ordinary Share agreed to be sold; this Section C shalf be construed accordingly.

d) Acceptance of an application by an eligible investor who has elected for the share bonut or the bill vouchers will entitle that investor to the share bonus or bill vouchers (as the case may be) upon the terms, and subject to conditions, set out in Section A of this Part VI. e) Save where the context otherwise requires, terms defined in this document bear the same

meaning when used herein or in Application Forms.
(f) References herein to rights being effectively renounced mean the renounceo(s) being registered by the receiving banks in relation to the rights concerned.

(g) By completing and delivering an Application Form, you: (i) offer to purchase the number of Ordinary Shares specified in your Application Form (or such smaller number for which the application is accepted) on the terms of and subject to the conditions set out in this document and the instalment Agreement (and, in due course, subject to the Memorandum and Articles of Association of the Company) and agree to become a party to and be bound by all relevant provisions of the Instalment Actreement; (ii) authorise the relevant receiving bank and the Custodian Bank to send a Letter of Acceptance

for the number of Ordinary Shares for which your application is accepted and/or a cheque for any money returnable by post at your risk to the address of the person (or the first-named person) named in the Application Form and to procure that your name (and the names of any other joint applicants) is placed on the register of holders of Interim Certificates in respect of such Ordinary Shares the entitlement to which has not been effectively renounced and thereafter to procure that your name (and the names of any other joint applicants) is placed on the Register of Members of the Company in respect of such Ordinary Shares the entitlement to which is evidenced by Interim Certificates the right to which has not been effectively transferred; (iii) agree that all documents in connection with the share bonus or bilt voucher arrangements. may be sent by post at your risk to the person (or, in the case of joint applicants, the first-named person) named in the Application Form to his address set out therein or such other address as may from time to time appear in the register of holders of interim Certificates or the Register of Members of the Company against the name of such person; (IV) agree that, in consideration of the Secretary of State agreeing that he will not prior to IsI January 1985 sell any of the Ordinary Shares the subject of this Offer for Sale to any person other

than by means of one of the procedures referred to in this Offer for Sale, your application cannot be revoked until 12th December 1984 and that this paragraph shall constitute a collateral contract between you and the Secretary of State which will become binding upon despatch to or receipt by a relevant bank of your application;

(v) agree that completion and delivery of the Application Form constitutes a warranty that your remittance will be honoured on first presentation;

(vi) warrant that no other application has been made on your behalf,

(1) warrant that you are eligible to do so to accordance with the provisions set out in

Section A of Part VI: (2) agree that, if you elect (or are deemed to have elected) for bill vouchers, you will comply with the conditions for use thereof set out in Section A of this Part VI; and (3) agree that, if you complete both boxes, you will be deemed to have elected for the

(vui) declare that you are not a US or Canadian person and you are not applying on behalf of any such person. "US or Canadian person" has the meaning set out in Section B above:
(ux) agree that all applications, acceptances of applications and contracts resulting therefrom under this Offer for Sale shall be governed by and construed in accordance with the laws of

(x) warrant that, if you sign the Application Form on behalf of somebody else, you have due authority to do so:

(xi) agree that any Letter of Acceptance and any moneys returnable may be held pending clearance of your payment;
(xu) agree that, in respect of those Ordinary Shares for which your application has been received.

and is not rejected, acceptance of your application shall be constituted, at the election of the Secretary of State, either (a) by notification to The Stock Exchange of the basis of allocation in which case such acceptance shall be on that basis or (b) by notification of acceptance thereof to txiii) undertake to pay the second instalment by 3 pm on 24th June 1985 and the final instalment by 3 pm on 9th April 1966 for the Ordinary Shares in respect of which your application is accepted.

and the right to which has not been effectively renounced or transferred by you prior to the (xiv) agree that you will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application; and (xv) confirm that in making such application you are not relying on any information or representation in relation to British Telecom other than either those contained herein of those contained in the mini-prospectus taken together with this document (the "prospectuses") and

accordingly agree that no person responsible for the prospectuses, either of them or any part of them shall have any liability for any such other information or representations.

Copies of the Offer for Sale may be obtained from: United Kingdom branches of

Allied Irish Banks Bank of Ireland Bank of Scotland Barclays Bank PLC Clydesdale Bank PLC Cooperative Bank p.Lc. Lloyds Bank Plc Branches of the Post Office Midtand Bank pfc National Westminster Bank PLC Northern Bank The Royal Bank of Scotland pic Trustee Savings Banks Ulster Bank Williams & Clyn's Bank plc Yorkshire Bank PLC

S. G. Warburg & Co. Ltd.,

33 King William Street.

The Brokers to the Offer (listed at the beginning of this document)

The Regional Coordinators (listed on the next page)

The Underwriters Kleinwort, Benson Limited. 20 Fenchurch Street, London EC3P 3DB. Barclays Merchaut Bark Limited, 15/16 Cracechurch Street, London EC3V 0BA. Charterhouse Japhet plc, I Palernoster R London EC4M 7DH. Robert Pleming & Co. Limited. 8 Crosby Square, London SC3A 6AN. Hill Samuel & Co. Limited. 100 Wood Street. London EC2P 2AL Lloyds Bank International Limited. 40-66 Queen Victoria Street. London EC4P 4EL Morgan Granfell & Co. Limited, 23 Great Winchesler Street.

London EC2P 2AX.

London EC4R 9AS. Baring Brothers & Co., Limited, 8 Bishopsgale, London EC2N 4AE. County Bank Limited, 11 Old Broad Street, London EC2N 1BB. Hambros Bank Ltd., 41 Bishopsgate, London EC2P 2AA. Lacard Brothers & Co., Limited, 21 Moorfields. London EC2P 2HT. Samuel Montagu & Co. Limited, 114 Old Broad Street, London EC2P 2HY. N. M. Rothschild & Sons Limited, New Court. St. Swithin's Lane. London EC4P 4DU.

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V 2 1

J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS.

Regional Coordinators

London Hoare Govett Limited, Heron House, 319-325 High Holborn, London WC1V 7PB, 01-404 0344 Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN, 01-588 2828 de Zoele & Bevan, 25 Finsbury Circus. London EC2M TEE, 01-588 4141 Scrimgeour, Kemp-Gee & Co., 20 Copthall Avenue. London EC2R 7JS. 01-600 7595

Aberdeen Parsons & Co., 25 Albyn Place, Aberdeen ABI 1YL (0224) 589345

Wm. F. Coates & Co. Northern Bank House 8-9 Donegall Square North, Belfast BT1 5LX. (0232) 223456

Birmingham Albert E. Sharp & Co., Edmund House, 12 Newhall Street, Birmingham B3 3EP, 021-233 3003 Smith Keen Cutler. Exchange Buildings, Stephenson Place Birmingham B2 4NN, 021-643 9377

Stock Beech & Co, Bristol & West Building, Broad Quay, Bristol BS1 400. (0272) 20051

Lyddon & Co., 113-116 Bute Street, Cardiff CF1 1QS. (0222) 460000

Edinburgh Wood Mackenzie & Co., Ltd., Erskine House, 68-73 Queen Street, Edinburgh EH2 4NS, 031-225 8525 Bell, Lawrie, Macgregor & Co., P.O. Box B, Erskine House, 68-73 Queen Street Edinburgh EH2 4AE. 031-225 2566

Glasgow Penney Easton & Co., P.O. Box 112, 24 George Square, Clasgow G2 1EB, 041-248 2911 Speirs & Jeffrey, 36 Renfield Street, Glasgow G2 INA, 041-248 4311

Lincoln Hill Osborne & Co . Royal Insurance Building, Lincoln LN2 1DV. (0522) 28244

Tilney & Co., 325 Selion House, Exchange Buildings, Liverpool L2 3RT, 051-236 6000

Manchester Henry Cooke, Lumsden Ltd., P.O. Box 369, Arkwright House, Parsonage Gardens. Manchester M60 3AH, 061-834 2332

Middlesbrough Stanchife Todd & Hodgson, P.G. Box 84, City House, 206-208 Marton Road, Middlesbrough, Cleveland TS4 2[E. (0642) 249211

Newcastle upon Tyne Wise Speke & Co., Commercial Union House, Newcastle upon Tyne NEI 6RQ. (0632) 611266

Princess House, Eastlake Walk, Plymouth PL1 1HG. (0752) 20971

Heseltine Moss & Co., 30-31 Friar Street, Reading, Berkshire RGI 1AH. (0734) 595511

South East Quilter Goodison & Co., Garrard House, 31-45 Gresham Street, London EC2V TLH, 01-600 4177

Instructions for Delivery of Your Application Form

ELIVERY—WHAT YOU MUST DO WITH YOUR APPLICATION
TO WHAT YOU MUST DO WITH YOUR APPLICATION
TO WHAT YOU MUST DO WITH YOUR APPLICATION
TO WHAT YOU MUST DO WITH YOUR APPLICATION ARRIVE NOT LATER THAN 10 AM ON 28TH NOVEMBER 1984.

EITHER SEND IT BY POST OR TAKE IT BY HAND to the following addresses according to the first letters of your surname (or corporation name) shown in Box 5. For example, if your surname is Jones, you send it to Lloyds Bank Plc (H-L).

First letters of

Bank of Scotland A to

Registrar Department, 284, York Place, Editablisch EH1 25V. 33 Threadneedle Street, London ECSF SEH,

CM to Barcleys Bank PLC

New Essues Department P.O. Box 185. Fleetwey House, 25 Farringdon Street, London EC4A 64D. Registrar's Department, Redbroke Hell, Naturalizad, Cheshire WAI6 9EU.

H to L Lloyds Bank Pic

Pegistrar's Department, Goring-by-See, Worthing, West Sussex BN12 6DA. Fegistrar's Department, P.O. Box 1000, 63 Moorgate, London ECCR 6BL.

National Westminster Bank PLC M to

New Issues Department, P.O. Fox 2011, Dispers Gardens, 13 Throgmorton Avenue, London ECIN LLF.

Fegistrar's Department, F.O. Sox 900, Withe Street, Bristol ES99 77X.

The Royal Bank of Scotland plc

New Issues Department, F.O. Box 95, 34 Fettes Row, Edinburgh EH3 6UU. New Issues Department, 24 Lombard Street, London ECSY 98A.

T to Z Midland Bank plc Stock Exchange Services Department, Mariner House, Peops Street, London EC3N 4DA. OR TAKE IT BY HAND to any of the following addresses (irrespective of the first letters of your surname):

Aberdeen The Royal Bank of Scotland, 40 Albyn Place, Aberdeen.

Bank of Ireland, 54 Donegall Place, Belfast.

Birmingham Midland Bank, 130 New Street, Birmingham.

Brighton Lløyds Bank. 171/173 North Street, Brighton.

National Westminster Bank, 32 Corn Street, Bristol.

National Westminster Bank,

117 St. Mary Street, Cardiff. Channel Islands

Lloyds Bank. 9 Broad Street. St. Helier, Jersey. National Westminster Bank. 35 High Street, St. Peter Port, Guernsey.

Glasgow Bank of Scotland, 110 St. Vincent Street, Glasgow. The Royal Bank of Scotland. 9B Buchanan Street, Glasgow,

Bank of Scotland. 9 High Street, Inverness. Loeds Barcleys Bank.

37 Park Row, Leeds: Liverpool

Barciays Bank. 4 Water Street, Liverpool.

Barclays Bank, 17 York Street, Manchester.

Newcastle upon Tyne 9/17 Collingwood Street, Newcastle upon Tyne.

Midland Bank,

3 Wood Hill, Northampton.

Midland Bank, 18 London Street, Norwich.

Barciays Bank, Old Market Square, Nottingham.

Midland Bank, 65 Commarket Street, Oxford.

National Westminster Bank, St.Andrews Cross, Plymouth.

Southampton Lloyds Bank. 19-21 High Street, Southampton.

For Official Use Only (stockbrokers and intermediaries should stamp both boxes applicable to them) Stamp of stockbroke (If not registered for VAT, put "None")

British Telecommunications plc Application Form

The Secretary of State for Trade and Industry Kleinwort, Benson Limited Lloyds Bank Plc British Telecommunications plc

I/We attach a payment for the amount payable now of

and I/We offer to purchase

Address un (ult)

Signature

£

Ordinary Shares in British Telecommunications plc at 130p per share on the terms and subject to the conditions set out in the full prospectus, comprising the listing particulars, dated 16th November 1984.

L Bill Vouchers	OR	B. Share Bonus		_
	Signatu	re		
Mr. Mrs. Miss or Info Fores	name(s) un fuils			
Surname .				<i>[</i>

For the bill vouchers put "YES" in Box A. For the share bonus put "YES" in Box B.

Fill in this section only when there is more than one applicant							
ISE BLOCK CAPITALS Mr , Mrs , Mrs of this	Forename(s)	Ma , Mr ; , May, or title	Parename, ,	Mr. Ma., Mass or mie	Forenameja		
Susmanne		Sulfigery		Surname			
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Signature

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FOR OFFICIAL USE CNLY

Amount pavable

Amount returned

otes on How to Complete and Deliver the **Application Form**

Your total investment	Amount you pay now	Number of shares you are applying for
£260	£100	200
£520	£200	400
£1,040	£400	800
£1,560	£600	1,200
£2,080	£800	1,600
£3,120	£1,200	2,400
£4,160	£1,600	3,200
£5,200	£2,000	4,000

Applicants for more than 4,000 shares should apply in multiples of 1,000 shares up to 20,000 shares. in multiples of 10,000 between 20,000 shares and 100,000 shares and in multiples of 50,000 shares thereafter.

Having decided the amount of your total investment and using the table above, put in Box 1 (in figures) the amount you pay now.

You may only apply for the numbers of shares set out above. - ... The amount you pay now is 50p per Ordinary Share. The second instalment of 40p is payable on 24th June 1985. The final instalment of 40p is payable on 9th April 1986. A reminder will be sent to investors before the second and final instalments become payable.

Using the table above, put in Box 2 (in figures) the number of Ordinary Shares for which you are applying.

For bill vouchers, put "YES" in Box A. For the share bonus, put "YES" in Box B. Complete one box only.

If you wish to apply for bill vouchers or the share bonus, you must complete Box A or B. If you complete both boxes, you will receive bill vouchers only. If you do not complete either box, you will not receive bill vouchers or the share bonus. You are advised to read the bill voucher and share bonus

arrangements set out above (including the special arrangements for applications by nominees).

Sign the Application Form in Box 4. The Application Form may be signed by someone else on your behalf if he is duly authorised to do so (individuals are reminded that, if they are signing for another person, they must enclose their power of attorney). A corporation should sign under the hand of a duly authorised official

who should state his representative capacity. By completing and delivering this Application Form, you declare that you are not a US or Canadian person and you are not applying on behalf of any such person. "US or Canadian person" has for this

Put your full name and address in BLOCK CAPITALS in Box 5.

You may apply jointly with other persons. You must then arrange for the Application Form to be completed by or on behalf of all the other joint applicants (up to a maximum of three). Their full names and addresses should be out in BLOCK CAPITALS in Box 6.

if you apply jointly with more than one other person, you will not be eligible for bill vouchers or the share bonus.

Box 7 must be signed by or on behalf of the joint applicants.

purpose the meaning set out in Part VI B of the Offer for Sale.

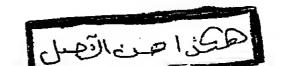
You must pin your cheque or bankers' draft to your completed Application Form. Your cheque or bankers' draft must be made payable to "BT Offer" for the amount payable on application and be crossed "Not Negotiable". No receipt will be issued for this payment.

Your cheque or bankers' draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and bankers' drafts to be presented for payment through the clearing facilities provided for the members of those Clearing Houses (and must bear the appropriate sorting code number in the top right hand corner). Applications may be accompanied by a cheque drawn by somebody else.

You must send the completed Application Form by post, or deliver it by hand, so as to arrive not later than 10 am on 28th November 1984. You will find the instructions for the posting or delivery of your Application Form at the top of this page. If you wish to post your Application Form, please mark your envelope "BT Offer", use first class post and allow at least two days for delivery. The right is reserved to present all cheques and bankers' drafts for payment on receipt by the

Dated 16th November 1984

receiving bankers.



الملذا منذ الملم



Victoria & Albert Museum/William Packer

French and the wheel of fashion

By its very nature, the Wheel of Fashion spins more fast than slow. and with so much to win on this throw, or the next, there is hardly time to look back, let one with any clear and critical detachment. As are all professionals who live by the unforgiving deadline, those who make the fashion and those who record and publish it are only as good, as memorable or as useful as their last piece—and who of them, in any case, would wish to exchange the febrile excitement of the moment for the fever be shrugged off a year

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So it is with Fashion and the particular arts that serve it, when after a certain interval the light shines again upon what most of us have quite forgotten in the meantime, we are led all too easily into larding our natural interest with impor-tance, and our pleasure with surprise. Any re-engagement must be seen to be a reappraisal, any reappraisal a rediscovery, any discovery a discovery simple —and we forget to our cost that what was always good necessarily remains so, though we may not retain the wit or taste to see it. The modest moral to be drawn from this is that we should take more seriously whatever is being done all round us, by artists, craftsmen and designers of every kind, now.

An exhibition has just opened al the Victoria and Albert Museum (until March 10 sponsored by Express News-papers) of the work of John French, a fashion photographer of consummate judgment and technique, who flourished in the immediate post-war years, in-deed until his death in 1966, not only in the glossy magazines but on the fashion pages of the national papers. His was a seminal influence upon the visual style of the '60s, that meretricious and superficial interlude, which is the nicest of iropies; for that was the time, as we must all remember, of the fashion photographer as superstar, and yet French was not lo live to enjoy quite that

He was one of the first, perhaps the first of them, to reach and influence a mass audience through his newspaper work, and thus set the context of



Barbara Goalen in a pair of long spotted voile gloves (17s 6d) by John French: Daily Express, July 1950

more than that, some of those younger photographers (includ-ing David Bailey and Terence Donovan) began their careers under his wing, and many more were directly influenced by his methods and ideas (Anthony methods and ideas (Anthony Armstrong Jones), which practical debt they all acknowledge and honour still. And yet, all this notwithstanding, his work was cast in an earlar, severer, more classical mould, his images static, composed, disciplined, definitive in their elegance. There was nothing swinging about the work of John French. about the work of John French. The great myth of the 1960s has done much mischief in our cultural life, not least harmful that part in it which would have it that modern British fashion photography was re-invented in a dark-room somewhere in the East End in about 1962. Chief

among the sufferers have been, perhaps, the chief beneficiaries,

whose work was always good enough to need no special plead-

tues, the achievements, the style of the 1950s, whose image-makers were bound to suffer by association. But the much-vaunted new freedom bad little to do with unbooking the corset and raising the skirt — and the last stocking-lop, you may he inlerested to know, would not disappear from the pages of Vogue until 1967 or 1968 — and what was lost in its name was the idea that styla was a matter of discipline and control, that elegance was something to be achieved. Now "lifestyle" was all, and choice not discrimina-

tion but indulgent whim.

John French died at just the time when it was all about to happen, the greater shift, and it is fascinating but pointiess to speculate on how he might have coped, in bringing his own clear sense of order to hear upon the general burley-burley and confusion. That he would have tried is certaio, for there is nothing of running or jumpinterest that others would exploit, but be remained, even so, ing — but we forget just how lng, no rush and swirl in the comparatively obscure. Rather blind we were then to the viral later work, but all is considera-

tion, organisation, standing still, the lines clean, the disposition simple, descriptive and effective. If the most dated image in the show is not the "Waspie" advertisement of 1948, but rather the futuristic fantasy hy Ungaro, satin helmet, tunic, trousers, gaiters and alt, that quality is not in French but in the clothes, clothes that in both cases are now as remote to us as the bustle.

The show is, or rather should be a delight, for if the Press View was inevitably something of a "media event" with models and other sometime col-leagues to augment the pictures, a return at a quieter time afforded a clearer view. But strong as the pictures are in themselves, much is also made of French's studio practice and his technical niceties and the personalities of his models besides; which with the emphatic and self-conscious installation goes some way to suggesting that the case for French as a photographer has still to be

argued, allowances made.

I would have preferred more straight-forward and certainly less hectic a presentation. For though the fashlon context is a natural interest, time and again the particular images transcend its limitations, manifestly pos-sessed of iconic presence and authority that need no apology or gloss. These beautiful girls, doing their job, fix us never-theless through the humane insighl of their photographer with the calm, certain gaze of the true portrait, for they are indeed all artist's models. A hat a face and a pair of long spotted g)oves, and there we have a timeless image most particularly

That the V. & A. does bave the confidence to let photographs be themselves is shown to the small gallery, a corridor really in the Henry Cole Wing. that is photograpby's preserve We should always keep an eye or two on it, and never more so than now wheo it holds small selections from the work of two fine British photographers who died in the same year, 1971. Of the two, the hetter known is Edwin Smith, whose work with landscape and architecture is especially distinguished, and there are fine examples here of his extraordinary sympathy for architecture of our great cathedrals. Some 60,000 of his negatives are to come to the Museum by the bequest of his widow. The other, John Deakin, is

now rather more obscure, whose career was erratic, wilful, various and eventually unsustained. Much of his work has been lost, much only now coming to light again, or being collated as old friends and associates pool their holdings and information. Yet clearly be was a remarkable and distinc-tive photographer, and a true artist, one with a peculiar faculty for the transfixing, some times positively disturbing portrait image. Bruce Bernard, who knew Deakin well and has organised this exhibition, calls it The Salvage of a Photo-grapher, and we can see what he means, but this is certainly rather more than flotsam and jetsam that he has recovered. Enough is now safe to make sure that Deakin's considerable achievements will not he so easily over-looked again. Both shows continue until January 20

A Constable catalogue

A worthy winner of the Mitchell Prize

The Later Paintings and Drawings of John Constable; by Graham Reynolds. Yale University Press: 2 vols—Text 324 pages; £140. Plales 1,087 pages,

The Paul Mellon Centre for Studies in Britisb Art continues its magnificent series of cotalogues roisonnés of the great masters of British Art with this exhaustive study by Graham Reynolds, late of the V and A, of the later work of John Constable.

These are difficult and yet exciting times for students of

Constable, with the canon substantial and firm enough yet significantly less so than It was only a year or two ago—bardly the most propitious time to attempt any definitive conclusion. Yet that very caveat may well not so much conceal as proclaim one of the principle virtues of this remarkable book, which is its usefulness; for here we have whatever of the later material, the work of the 20 years up to Consiable's death in 1837, that may be in dispute, carefully and soberly presented within the determining context

ahly genuine . . . Divisions of opinion . . will probably junk shop or on a great-aunt's always exist. In cases where wall? I have included as genuine a work about which reputable judges disagree I have endeavoured to give o fair summing-up of the dissenting

Given the scale of such an undertaking, and the time it necessarily bas consumed, to have heen overtaken by events can hava come as no surprise. and certainly casts no shadow over serious and honest scholar-

views."

ship.
Not unnaturally questions of faking and copying do rather catch the public eye, but that can be nothing to the greater artist's defriment, and Con-stable's reputation is more than sound ecough to cope. He has attracted his share of outright fakers but the problem with him would seem now to be quite as much one of honest confusion and mistake. So pro-lific were his sketches, studies, scribbles, notes, so free and numerous his preparations for the major pieces, that of course much must have escaped and of the mass that is to be accepted beyond all question.

Mr Reynolds makes the point himself at the outset:

"I have confined."

much must have escaped and disappeared, only to surface again much later, uncertain and to sceptical consideration. If the process works one way, so the other and the second of the process works one way, so the other and the second of the process works. so the other, and who would blame the over-optimistic "I have confined the blame the over-optimistic entries to descriptions of attributions made by fond

those (works) which I believe amateurs of English landscape to be genuine or most prob-ably genuine . . . Divisions of whether made in the saleroom.

Constable's peculiar graphic mannerisms and notation are easy enough for the competent artist to follow, and the surprise is perhaps that he has not suffered even more fakery than has already been detected. The interesting thing is rather the similar but distinct hands of a later generation that study now hrings to light, his son Lionel only the most notable.

The slow, patient process of cataloguing, minute comparison and polite, scholarly recrimination goes on, and Graham Revnolds has now fixed the point from which so much else may now start. The Yale University ess has matched his assiduity in their own production of these two volumes, both text and plates heautifully printed, the two marching together, year by year through the later oeuvre: provenance, history and critical gloss to open beside the reproduction. Other books may have been in serious contention, but there can be no quarrel with this winner of the Mitchell Prize for this History of Art, the \$10,000 that Mr Jan Mitchell of New York gives each year to the most outstanding contribution in the field.

WILLIAM PACKER

London Philharmonic/Festival Hall

David Murray

Conducted by Vernon Handley, the London Philharmonic sounded consistently bright and confident on Sunday, even when their soloist in the Brahms Violin Concerto was gaining on

That was in the "Hungarian" Finale, where at various places Eugene Sarbu dashed excitedly through a crescendo while the through a crescendo while the orchestra trotted bebind—unrehearsed spur-of-the-moment impulse, perhaps. He skittered away with his decorations between the rising orchestral barmonles in the Adagio, too.
Otherwise it was a strong and changly performance notable. shapely performance, notable less for any special tenderness than for élan and Sarbn's sharp, clean attack on chords. The ohoe solo in the Adagio was pretty hut too candid to sug-

gest expressive depths.

Prokofiev's Sixth Symphony was good to hear again; a strange piece, full of vamp-tillready ostinatos (trouble-savers for the composer, who was then semi-invalid) and what might he leftover material, all of which nevertheless sticks obstinately in the mind. The orchestral colours are theatrical and striking, from winding, shadowy string lines to snapping machine work and shrill protests. Handley made exact effects with all that side of the work; the idiom was convincing, and the tempi nicely judged. The closing Vivace developed a considerable head of steam, and duly exploded at the end.

It would have been still more impressive with solider pre- sturdy mezzo-pianos. ments. Both the Allegro ing undercurrents.

moderato and the Largo were relentlessly steady. indented at the arrival of new ideas; this is dramatic music cast in loose symphonic form, more often to make its rhotoric

The bleak breadth of the first movement was hardly felt (its recall in the Finale was much better) in Handley's forthright treatment, and the pulse of the Largo had too little gravity to carry against the quicker orchestrial voices which usurped the foreground. Though the dynamic scale had sound properties it was all a notch too. portions, it was all a notch too high - where haunted planissimos were needed, we got sturdy mezzo-pianos. Clear, paration in the earlier move- literal exposition, few disturb

L'illusion/Théâtre National de l'Odeon, Paris

umbrella of the three-year pro-ject he is running at the Odeon —a stunningly beautiful, brilliantly conceived and technichappened to the long lost son of the distraught Pridamant. Prially refined production of a tragi-comedy which, though little known and little seen even in France, is nonetheless damant has sought Clindor for ten years. Strehler hrings him, Pridamant, into the theatre and up the aisle. The curtain rises of great local significance. In Britain, of course, we may very slowly on a great and rocky In Britain, of course, we may darkling grotto. Alcandre, a have read Le Cid at school and bald, sinister and gravelly-even ventured as far as one or voiced Mephisto in a long black two of the other tragedies. As cape, conjures the likeness of far as the British theatre is Chindor in scenes of picaresque concerned, Corneille is just one military endeavour and roman-

tic love It persistently ignores. In France, L'illusion (1636, one year before Le Cid, and by no means the casual prentice piece Like Christopher Sly, Prida-mant remains in the front stalls enjoying the action, marvelling at the deliquescent images along with the rest of us. Strebler and his Milan-based team of Ezio in its day, revived at the Comedie Francaise in 1861 and again there, in 1936, in a pro-duction by Louis Jouvet. And Frigerio (designs), Luisa Spina-telli (costumes) and Fiorenzo Carpi (music, melding with the the play touched again on the strains of Monteverdi) create a 20th century theatrical obsessions of reality and illusion, the ery, buffoonery and friendship of Anouilh, Pirandello, which is finally—and for a very Brecht, in a T.N.P. production good reason—a hymn to the by Georges Wilson almost 28 art of theatre itself. Not for years ago, of which reports are nothing is the execution of

For L'illusion contains a play within a play, a baroque demonstration by the reclusive it happens, the revelation of magician, Alcandre, of what has Matomore's identity in Act 4 it happens, the revelation of Matomore's identity in Act 4 was no surprise to me—but why the magician is also the captain is one of those brillian strokes of which only Strehler is cap-

> The company of seven leading actors also achieves other fine effects. In the final act, set in the garden of the English Princess, Rosine, one of her suitors—Clindor—is killed, Nada Strancar is Rosine, a role which disappeared from editions after 1657—but she has also played, very strongly, Lyse, the servant of Clindor's former lover, Isabelle, with whom Clindor has dallied. The reverberations are subtle and infinite.

It is now, for the sake of public information, that you should know what is so hreathtakingly revealed at the end: Clindor has joined a group of travelling players. As Alcandre comforts Pridamant with this sad news (a fale worse than death?) the actors count their takings and prepare to depart

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts ap-

the theatrical essay into the curtain calls, the most exciting I have ever seen, with father and son (Henri Virlogeux and Marc Delsgert) finally, joyously, reunited.
The one excessive element-

that of Matamore striking real sparks from his sword—is thus accounted for, as is M Desarthe's over emphatic gesticulation. Elsewhere, the tantalisingly beantiful Nathalie Nell hovers ambiguously in the half light between passion and despair, and behind it all the metronomic Alexandrine of Cornellie's splandid verse are articulated with both gravity and lightness and lightness.
So, bere is a director's play

par excellence in a production that defies the critical orthodoxy that is precisely what it is, only tage Feydean at the Palais different. Strebler has Royal and the inimitable, admittedly responded imaginuchanging cabaret at the atively, creatively, to the play's Lido. Of these and other challenges and occasional matters on Saturday.

yet fully comprehend this notion of the contemporary interpretative director. We bave a few pale imitators at the RSC, but hardly even a warm one in the manner of Patrice Cherean. The artistry of this Paris L'illusion is profound, refective, serious, unforgettable. Strehler and his Théâtre de l'Europe are setting the pace: the production continues in Paris until New Year's eve and tickets are scarce but not, as yet, entirely unohtainahle.

Rosine invokes the tragedy of Pbedra and Hippolytus, which serves as a neat trailer to tomorrow's night's Old Vic of Racine's tragedy. There were that defies the critical ormody, surrounding what even corneille himself thought of as as far as I could see, but I did as far as I could see, but I did catch Molière at the Comedie "L'illusion is not another Françalse, Marivaux in the Tempest" wrote Geoffrey suhurbs, Edwige Feuillère's farewell in early Anouilh, vintage Feydean at the Palais

ambiguous success of the early 1970s (and, as one might have said then, against many of the odds) he bas become a solo of the performance. He gave Beethoven's last could just as well be a Kreisler confection) was by any lights sonata, op. 96. last—the confection was by any lights and worked great willing playing, and worked odds), he bas become a solo recital artist of the greatesl cultivation and distinction. His programme of Beethoven violin sonatas with Mark Neikrug on Sunday evening was a rare

From the opening page of op. 12 no. 3 (the early, florid E flat major) he caught the tone of serious lyricism exactly, and held il firm. There was a marvellous concentration of sonority in the adagio (honeyed but clear as crystal), and of phrasing (silk-smooth but never soft). His rondo finale was a vivid example of that musical paradox which none but the violin can capture so well: a calm, knifeedge excilement.

mannerism I complain of-and indeed the only one at all in an otherwise notably unmannered, period fetrbed £52,434 while penetrating interpretation—was an early Ming iron red and Zukerman's habit of giving a underglaze blue stemcup little crescendo swell to every realised £51,318.

Art galleries/Paris

In the tercentenary year of Corneille's death, an Italian director, Giorgio Strehler, donates to the Paris Theatre—under the generously financed umbrella of the three-year program of the three-year pr These days Pinchas Zukerman single minim note, whether the (One was reminded by this

Zukerman/Barbican Hall

Dominic Gill

first movement grave and eloquent; the scherzo and finale its magic (in authentic Kreis-revealing a variety of articula lerian fashion) by the purest, tion and dramatic emphasis as most commanding understateeloquent; the scherzo and finale subtle as it was unostentatious, ment.

great violin playing, and worked

Saleroom/Antony Thorncroft

In one of the most important auctions ever in aid of charity, the property of the late Dr lp Yee, the first of three sessions, held by Sotheby's in Hong Kong yesterday, produced £1.488,090 for children and old people in

need.

A blue and white palace bowl, of the Chenghua period, sold for £150,609, way above fore-In the Spring sonata the only cast, and an early Ming blue nannerism I complain of—and and white dish for £91.481.

of French furniture at the weekend a Louis XV ormolu mounted marquetry cartonnier by Migeon sold for £228,800 and a Louis XV ormolu-mounted green horn bracket clock for £220.000.

Christie's in London was sellring carpets. A large antique Ziegler carpet was bought by a private buyer for £20.520 and the London dealer Sternberg paid £19,440 for aonther Ziegler, with ivory fields. Bakhtiari carpets were also selling well, with two large examples each making £10,800.

Arts Guide

more great European writer

it is often dubbed) was popular

Opera and Ballet

Royal Opera, Covent Garden: Thomas Allen, arguably the leading Don Gio-vanni of the day, gives his first Co-vent Garden account of Mozart's most demanding baritone role. Also in the cast are Makvala Kasrashuli, Barbara Daniels, John Tomlinsch, and Stuert Burrows, Arnold Ostman admired conductor of the Stockholm Drottningholm Opera. makes his Royal Opera debut. Last performances of the Boxis Godunov revival, with Nicolai Ghinselov in the title role and James Lockhart as

conductor. Sedler's Wells, Rosebery Avenue: London Contemporary Dance Theatra starts a season with lively dancers and dancing. (2788916).

PARK

Gavin Bryers' Medea, after Euripides. The Opera is constructed in a traditional manner, but the orchestra is unusual. The costomes are by Franca Squarciapino. Theatre Champs Elysées (723/47.77).

WASHINGTON

Washington Opera (Opera House): The season continues with Jean-Pierre Ponnelle's new production of Le Nozze de Figaro conducted by Daniel Barenboim, Gian Carlo Menoti's 1982 production of La Bohême conducted by John Manceri with Sheri Grassnameld as Missi and Jar-Sheri Greenawald as Mimi and Jerry Hedley as Rodolio along with a new production of The Merry Wi-

dow with Mary Jane Johnson in the title role and the D'Oyly Carte's Do-nald Adams as Baron Zeta, conduct-ed by Carl Stewart Kellogg. Kennedy Center (254 3770).

pears each Friday.

CHICAGO

Lyric Opera (Civic Opera): Eva Marton starts in a new production of Ri-chard Strauss's Die Frau ohne Schatten while Carmen stars Alicia Nafe with Maurizio Frusoni as Don Jose. (3322244).

VIENNA Stratsoper. Tristan and Isolde con-

docted by Leinsdorf with Ligendza, Fasshinder, Kollo, Sotin, Becht, Moser, The Bartered Bride conduct-ed by Fischer, The Marriage of Figaro conducted by Hager with Januwitz, Popp. (5324/2855).

Volksoper. La Bohème conducted by Marzendorfer. Aus Einem Totenhaus. (5324/2657).

NETHERLANDS

sterdam, Staddschouwburg, The Netherlands Opera production Don Glovanni, with John Broech er in the title role and Roberta Alex-ander and Ashley Putnam in other leading parts. The Netherlands Chamber Orchestra and the Opera Choir under Edo de Waart and Ed Spanjeard, with the National Ballet. (Tue). (242311).

TOKYO

Takarazuka All-Girl Revue (Takara-zuka Theatre). An original oper-

Nov 16-22

etta: My Love For Beyond the Mountains. This troupe, a speciality of Japan, is the counterpart of Kabuki where the girls play the men's roles. Spectacular and technically good, simple plots, good English synopsis in programme. The theatre is near the innerial and Palace hotels. imperial and Palace hotels.

ITALY

Florence: Teatro Comunale: A faithful reconstruction of some of the ballets of Diaghilev's Ballets Russes. La Boutique Fantasque with choreogra-phy by Leonide Massine and music by Rossini and Resphigi, danced by Marga Nativo and Lorca Massine. Also an anthology from the Ballets
Russes repertoire by Carla Fracci
and Georg Jancu with the Corps de
Ballet of the Maggio Musicale Fiorentino. (21.82.53).

WEST GERMANY

Cologne, Opera: Murieta, composed for the Cologne opera by Jens-Peter Ostendorf, a young German. The op-era is based on Pabla Neruda's dra-ma Death and Glory. It describes the life of Joaquin Murieta as a Chi-lean immigrant in California. Produced by Hans Neugebauer, the op-era has Allen Evans to the title role with Dolores Ziegler and Matthias Hölle singing other leading parts. Musical director is Steuart Bedford. Salome is conducted by Sir John Pritchard. Carmen convinces thanks to Josef Protschka brilliant

The queues for the Watteau and the Rousseau exhibitions at the ies considerably, but the fact that Grand Palais in Paris gel longer by such an adventurous exhibition the day. Just around the corner at a takes place (and this is its 38th sea-

separate entrance, however, is the Réalités Nouvelles. In the best traditions of the Saloo Independents (when the first Imsionists set up a self-run mar-

ket to sell their products), this exhi-hition has 400 paintings and sculparound the gaunt and glorious perimeter of the Grand Palais, whose original interior is almost Gothic in its conception, a mixture of the Eif-

fel-Tower and Waterloo station.

ldentity as a touring ensemble (numbering 25 dancers) which

plays a middle of the road re-

pertory to audiences not over-exposed to live ballet perform

ance. There is a real need for

such a troupe, and whalever

compromises there may bave to

be with repertory or style of

programming, the company's

work-If the Carmen I saw on

Wednesday is anything to go by
—is honest, engaging, and far

more likely to encourage a love

and interest in dancing than the turgld and pretentious fare pro-

son) is great credit to the young organisers. Artists who particularly appeal are Romathier, Tranphong, Risos, Loyer and Auhrun. Tucked away down a side-street on the Left Bank is the Institut

tures by unknown artists hung Français d'architecture (6 Rue de around the gaunt and glorious pe- Tournon). Until the end of December it is showing the work of an important Russian Constructivist, Alexander Vesnine (1883-1959). Vesnine was responsible for design-

able aptness, whatever the loss

of nuance inevitable when a

vocal line (and one so miracu-

lously expressive) finds Itself

cast for oboe or clarinel or strings. The score, of course,

Alasdair Steven The standard of the pictures varamong them) but in the 1920s he did

some highly acclaimed theatre de-Moscow. There was a famous Phaedra and a Romeo and Juliet, both of which are represented. They are beavily Cubist in their conception and symbolic of a "heavy" Russian period.

Il is intriguing to compare Veswere doing in the West al the same

signs for the Kamerny Theatre in class collection of Impressionists. growth. There is also a superb Chagali The patron of the Schmidl Gal-("Amor et fleurs," the inevitable viv-lery has become a recognised exthe face of the young girl), three Ra-oul Dufy ("Le Paddock" being parti-Balthus.

nine's work with what other Rus-sian designers (Bakst, Benois, etc.) predominate in this very stylish sian designers (Bakst, Benois, etc.) gallery. There is an idyllic "Jeune" movement of the waves. It is good time. Vesnine, although colourful noir's panache for colour and con- they were in a private house.

ing many monumental buildings in and definite, is not nearly so instant trast. "La Balancoire" is a tranquil Russia (the Kiev railway station and bright pastoral setting of a young girl in a among them) but in the 1920s he did In the smart Rue Saint Honoré delicate pink dress walking through the Galerie Schmidl has a first a lush green and yellow under-

> id hive and a sympathetic look on pert in Boudin. His collection at present displays a wonderful selec-tion of some of the artist's finest cularly eye-catching) and a lyrical works. The exquisite "Scenes du Plage* evoke hygooe days on a hot Bul it is Renoir and Boudin who beach and the frothy seascapes confille au chapeau fleuri" with all Re- to see such paintings hung as if

Carmen/Churchill, Bromley

Clement Crisp

carries the ballet in no small measure. The action follows that of the opera and anyone In its six years of existence posed by some small modern London City Ballet has found an groups with their central and regional subsidies, offering dances as lumpy as the bodies that perform them.

This Carmen is a full-length piece, choreographed by Harold with any knowledge of the music — and I suspect it is hum-along time with much of the audience—will supply illus-trative words and theatrical King and Micbael Beare, neatly designed by Jenny Blincow, the meaning when the dance itself golden store of Bizel's music is less than expressive. (In this Romantic ballet, where well-known arias were interpolated reduced for a small orchestra by Leonard Salzedo with consider-

> so that au liences might comprehend exactly the dramatic purport of the action). Harold King's production and conventional lugénus in this his company's performances are version, though sweetly danced

lively. Ask not for finesse, but there is nothing bloodlessly genteel—certainly not in Nicola Lawson's vivid Carmen or in the moments. The Spanish dancing Hispanic flaunting of her companions—and LCB's artists generale a theatrical energy which will cafch an audience's attention and hold it. Nigel through the action in a Brown as Don Jose is a dancer of hapless guises. in the Dowell mould of long line and contained presence and there seem faint resonances from Manon in the writing for into patch-work musical scores him in duet with Carmen. I never dull. Would that I could though! Micaela a somewhat say the aame of the tosh pro-

is rigidly Anglo-Saxon in its lack of furia; there is some quaint miming and a gorge-rising quartet of lots who trot through the action in a variety Should expect to see a choreographic masterpiece, but the public is given a lively narrative, performed with hrio and never dull. Would that I could vided by certain other dance

Value (\$m)

FINANCIAL TIMES

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Tuesday November 20 1984

Hopeful sign from Gatt

post-war world order. It has munity to survive an atomic established a framework for fair trade; it has helped the world to whittle away a legacy of unfair trade; it has kept the cause of free trade alive during makers. Though the share of farmers and peasants in the industrial criess in the industrial cries of industrial cries. structural crises in the indus-tries of many rountries revived

pressure for protection.

These successes are undeniable, but there are two areas in which very little movement has taken place towards freer international exchanges: those of services and trade in agricultural goods. It is, therefore, all the more welcome that thanks to the efforts of the Gatt secre-tariat and of the Dutch chair-man of the Gatt Committee on Trade io Agriculture, officials of 60 nations represented in that Committee have agreed on what may prove the basis for serious negotiations on this tricky sub-

The consensus reached in the Committee on Agriculture may have significance even for a wider field. Disagreements about agricultural trade have often blocked progress on other trade matters both within and outside the Gatt. An advance in this narrow but vexed field could remove some of the block-ages. It is, in fact, improbable that agreement is achievable on agricultural matters in isolation. To take one example, Japao will not significantly open up its highly restricted agricultural market if at all-unless It can gain compensation through better access for its cars and video recorders to other coun-

First step

Clearly the consensus in the Gatt committee is only a first step, though an important one, towards simplifying, let alone tearing down, the maze of tariff and non-tarif barriers, of quotas and of subsidies, which distorts and hampers trade in farm pro-duce. Many of the delegations have spoken or unspoken reser-

Historically speaking, the argument for national self-sufficiency bas always sounded strongest in the case of food. In periods of recurrent and often periods of recurrent and often such as these must be placed on prolonged wars the case was the negotiation table.

Tariffs and Trade is one of the has changed. The wine lake will more successful elements of the not help the European Com-

farmers and peasants in the total populations of industrialised countries is falling, their political influence exceeds their numbers. That is no less true in President Ronald Reagan's America than in Herr Franz Josef Strauss's Bavaria.

Compromise

Not least because of the various national or European Community farm systems the world has been landed in an uncomfortably lopsided position. By and large the industrialised gest surpluses of farm produce ports. In its acutest form that sets butter mountains and aupposedly strategic stocks against debt crisea in countries excluded from their traditional markets. Something must be wrong with the system.
At one time during the work

At one time during the work of the Gatt Committee it looked as though the European Community might live up to its stereotype as bad boy of agricultural protectionism and dirigisme. The Community was afraid of a proposed general ban on agricultural subsidies.
The compromise subsequently

reached could provide a basis for advance on a broader front
—provided that the initial
momentum is oot lost. The document that emerged from the
committee proposes that export
subsidies should be banned subject to carefully defined exceptions. That may open a back door to all sorts of abuses. But the document also, by implica-tion, opens up systems of mlnimum prices and variable levies to negotiation.

Such proposals go to the very beart of the Community farm policy. Equally, by Implication, the committee consensus makes negotiable the waiver which, from the beginnings of Gart, bas enabled the U.S. to take protective. tive measures to help its farmers. Fundamental issues

UK trade union realism revived

RECENT events may be no more than straws in the wind but it looks increasingly likely that Britain's trade unions are preparing to take a more constructive attitude towards the Government's employment legislation. When Mr Len Murray announced earlier this year that he was standing down as general secretary of the Trades Union Congress, it seemed as though his carefully nurtured "new realism" might be put on the backburner Indefinitely. The Government's banning of unions at the communications headquarters in Cheltenham and the early confidence of striking miners made anything short of implacable opposition to the new laws look like appeasement. But as the balance of power has shifted in both the miners' strike and the more recent dis-pute at Austin Rover, the signs are that Mr Murray's policy may be revived earlier than seemed possible. Moderates within the union movement, worried by the TUC's inability to distance itself sufficiently from Mr Arthur Scargill, have been enrouraged by the way Mr Norman Willis, the new general secretary, stood un to angry miners in South Wales and condemned union as well as police violence on picket lines. Another barbinger of change is the determination of the Electrical. Electronic. Plumbing and Telecommunica-tions Union to apply for public money to fund postal ballots.

Policy change

The TUC's initial uncom-promising hostility to the new labour legislation, as expressed at the Wembley conference in The abolition of long eslablished privileges is never pleasant. The Government's proposed reforms served only to highlight the unions' bistorical lack of accountability and democracy, while previous experience with the law in this sensitive area in the early 1970s was not enbegan to modily its hard line. While reiterating its geoetal opposition to the legislation, it decided to support opposition only on a case-by-case basis. Such a policy was a marked hange from Wembley as it allowed the TUC to back unions only where there was a "reansonable chance of success" weakened stance

The National Graphical Association's pleas for belp during its dispute with Mr Eddie Shab's Messenger Newspaper Group were ignored last year while more recently the TUC has pro-vided little tangible support for Mr Scargill's demands. But the Brighton doctrine, as now seems more widely recognised, cao serve only as an interim position: the TUC must come down off the fence sooner or later. The plain fact is that a grudging acceptance of the new legal framework looks inevitable if only because opposition looks destined to fail: after the experience of the NGA and NUM. few unions are likely to want to risk the sequestration of their assets. A bankrupt union is poorly placed to defend its members' interests.

Secret hallots

The interesting question is whether the TUC, under the leadership of Mr Willis, will feel able to go further. Trade union memberahip and influence have been waning for some years. An explicit recognition by union leaders the beautiful trades. by union leaders that laws, popular or unpopular, should be obeyed and that union procedures should be more democratic would increase their popularity. The reality is that most people do believe in secret ballots and do waot them to determine whether strikes should be called, whether money should be paid to the Labour Party, whether union officials should remain in power, and whether closed shops should remain in existence. Moreover, they see no reason who lawful they see no reason why lawful disputes should not be restricted to those between workers and their own em-

If the TUC does decide next year to work constructively within the new legal frame-work, this will be as much a victory for common sense as for the Government. Ironically, couraging. At the Brighton con-ference in September, the TUC under Mr Scargill—the violent the behaviour of the NUM secondary picketing and the failure to ballot members—may have done more to bring home the sense of the new approach than any number of speeches by moderate leaders such as Mr Murray. Greater democracy within the trade union move ment is more likely to enhance rather than weaken its ability to represent effectively the legitimate interests of workers. reflected the TUC's inability to

National Bank, Imperial Group's problem-ridden \$630m acquisition of Howard Johnson in 1980 and General Electric Company's unfortunate 1978 \$100m purchase of A. B. Dick.

and ensured its future as a world leader in this sector. Racal's acquisitloo of Milgo for \$64m in 1978 transformed the structure of the electronics

group and catapulted it into the leadership position in the U.S. market for high speed data communications equipment, Racal's revenues from data communications are supported by the second sec munications amounted to only \$8m in the year before the Milgo acquisition. This year they should reach \$450m, over a third of the group total. Cadbury Schweppes's \$58m
 purchase of Peter Paul in 1978

bas helped raise the group's confectionery market share in the U.S. to a respectable 10 per cent as well as contributing significantly to profits.

There are dozens of other examples. BTR, BAT Industries, United Biscuits, Beecham, Glaxo and TI have all had good results from U.S. ventures.

In many cases, it has taken time for the merit of the take-

overs to sbow through, Measured by standard stock market ratios, companies tend to pay what look like very bigh prices for U.S. acquisitions. And they often suffer painful teething problems with their new U.S. operations.

BRITISH INVESTMENT IN THE U.S.

Disasters are the exception

By Ian Rodger

SOME KEY

ACQUISITIONS

Company acquired

Appleton Papers

National Starch

Hnward Johnson

Fasco Industries

Liggett Cnrp Aetna Business Credit

Intercontinental Hotels

Marshall Field & Co. J. B. Williams

Bostnn Industries

Tom's Foods

Government Employees Life

Jovan

Hnyck

Union Bank Corp. Nat. Bank of America (75%)

Crocker Nat. Bank (51%)

OU HAVE to be lucky in life," says Mr Stan-ley Grinstead, the chairman of Grand Metropolitao, the UK hotel, drinks

BAT Industries

Imperial Graup

Midland Bank

Hanson Trust

BAT Industries

Beecham

Rediand

1983

Hawker Siddeley

Grand Metropolitan Barclays Bank

Grand Metropolitan

Legal and General

1979

1980

BTR

Beecham

and leisure group.

Mr Grinstead notes that
GrandMet was very lucky with
its first major U.S. acquisition,
the tobacco and drinks group
Liggett, in 1980. There were no nasty surprises and the company had good, but under-managed, assets that GrandMet was able to put to work fairly Company quickly. He estimates that the valoe of the Liggett core has risen sixfold to \$1.5bn in only Standard & Chartered Bank NatWest Bank

risen sixfold to \$1.5bn ln only four years.

This is a far cry from the popular image of British corporate ventures in the U.S. Analysts tend to look at Plessey's failure in 1971 with Alloys Unlimited, Midland Bank's traumas with Crocker

In fact, the disasters are the exceptions. Most big U.S. acquisitions by leading British companies in the past decade—and there have been many have been remarkably success. Lega ful, and the directors involved 1982 are very proud of them.

Among the outstanding examples:

 Hanson Trust's U.S. base has grown through a string of 1983 acquisitions from nothing in 1973 to a turnover of over \$1.1bn and profits of \$55m last

cola venture substantially. ● BOC's merger with Airco of the U.S. in 1978 instantly doubled the turnover of the industrial gases group to £1.2bn major British companies that now have several years of experience in the U.S. is that the effort and the sufferiog have been worthwhile and, in some cases, vital to securing their future.

The main attractions of the U.S. for foreign industrialists bave always been — and still are — the buge size and homogenelty of the market, the lack of regulation in most sectors and the political stability of the country. However, until the 1970s, U.S.

assets always seemed very expensive to foreigners and so tbeir investment remained at modest levels. The decline of the dollar against most currencies, following its detachment from the gold price in 1971, helped to change that view. Then the energy crisis bit Europe barder than the U.S., leading many to conclude that the wilder for more continued that the wilder for more continued to the continue that the wilder for more continued to the continued that the wilder for more continued that the wilder for more continued to the outlook for most sectors was more promising across the

year. Europe accounts for twothirds of this and Britain bas consistently been the largest single source in Europe. In the 1970s, British com-

panies bad other incentives to head across the Atlantic. The prospects for the domestic economy looked particularly bleak, as industrial relations worsened and inflation soared. Cadbury, for example, made an attempt to break into the U.S. cola market in 1980 without realising the hold that Coca-Cola and Pepsi-Cola bad on local bottlers. After substantial ing financial management delosses, Cadbury scaled down its cisions. Leading companies,

such as BOC, Pilkington, Cadothers which once had strong international positions, were losing their grip on former colooial markets, many of which were no longer stable or growing anyway. Although Britain was just enteriog the European Community, markets

In Europe looked Inaccessible. Sir Adrian Cadbury, chairman of Cadbury Schweppes. recalls that in 1973 about 12 per cent of group assets were in Australia, but only 7 per cent in North America. "We didn't think we bad our assets balanced with our market opportunitles," he says, "The assets we have are our brands, and the

only way to expand is to get them into bigger markets." were mainly in areas of low growth in the Southern Hemisphere. Also, there were tech-nology developments coming out of the U.S., such as the use Total direct foreign investment in the U.S. rose from \$20.6bn in 1973 to \$111.4bn last developments."

BOC was something of an exception in going to the U.S. for technology. Most British and European—companies set out for America with the assumption that products, processes or services that were successful in Europe could also succeed in the U.S.

The preferred method establishing a beach-head in the U.S. was to make an acquisition. Managers assumed that

Men and Matters

this would be less risky and costly than starting out from scratch with new plants. BOC, for example, calculated in the late 1960s that if it tried to eoter the U.S. market by bulld-ing an oxygen plant, it would cost £250m and take 10 years to get a 5 per cent market share. "That was one way to go, but it was too pricey for our blood," says Sir Leslie. Airco, the company ultimately acquired in 1978, gave BOC an instant 14 per cent of the U.S. market market.

However, acquisitions were not made without pain. British companies often found their bids contested, which in the U.S. can involve a lot of frustrating legal managements. ing legal manoeuvring.

Lord King, chairman of Babcock International, still chuckles at the advice from bis chuckles at the advice from bis U.S. solicitor when be was to testify on anti-trust charges levelled against Babcock when it was bidding for American Chain and Cable in 1976. "He told me, 'Company chairmen believe they should trace every yard of the fall of every sparrow. Remember, it is not a crime in this country to be an idiot, to the chair them about receivables but not

acquired a more intimate under-standing of the environment. In fact, the existing top

tive in charge. "The day he got our cheque, he turned off," the chairman said. The acquisition responded far too slowly to the subsequent slump in demand for Its products and suffered large Understandably, British executives tend to be diffident

at first about imposing them-selves on U.S. organisations. But they usually find, to their sur-prise and delight, that they have no reason to feel inferior to their U.S. counterparts.

their U.S. counterparts.

"I embarked on this with fear and trepidation." Mr Grinstead says of GrandMet's entry into the U.S. "There was this myth of the working breakfast and all the rest. But I think we work barder than they do." He now avoids working breakfasts as much as be can.

Mr Brian Knightley, finance director of Babcock, comments: "American managers have a "American managers bave a lot of style, but they don't pay man of Babcock'." cash management. Until this
And many companies made last recession, they have not

missed their previous inde-

pendence.
One company chairman still

the mistake of assuming that had to live with the kind of existing managers would carry problems we have had." Mr on loyally until the newcomers Knightiey says Acco bad 150 people in its headquarters when Babcock took it over, Now there are only 45 and they run other Babcock interests too. managers usually—and under-standably—lost interest in the BOC bad the advantage of a business immediately either because they no longer bad an equity interest or because they business relationship with Airco since 1967. "We knew that the management was bighly and the company is sharper commercially and techno-logically. Most of the people in positions of influence at Airco have come in the last five years." Companies belleve, as a rule, that the senior executives in their U.S. subsidiaries should

centralised," Sir Letlie says. "That has changed dramatically

their U.S. sansidaries should be American but they bave not besitated, when they felt necessary, to send in British executives. In BOC's case, the problem did not arise, because the managing director of Airco, Mr Dick Giordano, became managing director of the whole

group.

Many British companies that invested in the U.S. in the 1970s planned to retain U.S. quotations for the shares of the companies they acquired, with a view to raising equity and making further acquisitions without having to worry about UK exchange and dividend

controls.

In the event, none has done in the event, none has done so, thanks in large part to the elimination of exchange and dividend controls in Britain. Also, those that took over quoted companies acquired an instant dislike of the Securities and Exchange. Commission's atringent disclosure require-ments. "The worst thing is having to report quarterly, because it is misleading for shareholders," Mr Grinstead

Companies have found that Companies have found that they can get access to funds abroad in many other ways. Cadbury, for example, has just raised \$95m in a successful issue of depositary receipts for its shares in the U.S. market. The other unpleasant discovery made by the ploneers across the Atlaotic was the Americans sensitivity to indications of corporate collusion.

regrets baving agreed to leave the former owner-chief execu-Americans' sensitivity to indica-tions of corporate collusion.

"It was a nasty surprise to find out how extraordinarily litiglous a society the U.S. is." Sir Leslie Smith says. "U.S. managers won't even have a game of golf with a competitor. It is inconceivable to a British inductrial manager. It affects industrial manager. It affects your relationships with customers and employees too."

The proof of British companies overall satisfaction with

panies overall satisfaction with their U.S. investments is that most have gone on to make more of them, both through takeovers and direct plant investments, GrandMet, for example, followed its Liggett purchase in 1980 with that of intercontinental Hotels in 1981 and Children's World last year. "And Mr Grinstead is already looking for another. "We would like to bring our U.S. profit stream in line with that from the UK." be says.

Even those, such as Northern Foods, which had a very rocky ride with its first U.S. acquisition, Bluebird, in 1979, have tended to go back for more. Northern's second U.S. takeover, Keystone Foods, in late

Executives agree that Britain is now a much better place in which to invest than a decade ago, but the fundamental attractions of the U.S.—its size, stability and growth prospects—continue to loom large.

1982, was a winner from the

Scargill to music

There's no getting away from him: not content with appearing on just about every TV and radio programme, and being quoted both daily and extensively in the papers, Arthur Scargill, president of the National Union of Mioeworkers, is opening a new media seam:

A group calling itself The Enemy Within—Mra Thatcher's reference to the violence of the miners' pickets after calling the Argentinians in the Falklands War the "enemy without" — bas set some of Scargill's resounding phrases from his speeches to a pounding rbythm. over a disco beat. Scargill chants: "Fighting — a fight to save your jobs! Fighting — a fight to save your industry. Fighting — a fight to preserve your loyalty, your dignity, and your self-respect as a buman heing!"

The record company which has produced the record, the independent label Rough Trade, aays it has been put out to raise money for the miners at Chriatmas, and that all proceeds will go to the NUM.

Chairman's act

Who has been coaching Slr Walter Marshall, chairman of the Central Electricity Generating Board, for his promising new career as a atand-up comic? Guests were asking that question at a London dinner after Marahall's remarkable performance when he held an audience of engineers spell-bound with 20 minutes of non-stop stories, jokes, and fun.

He recalled how be decided to become a mathematician of

to become a mathematician at the age of four after his teacher reported to his parents that
"the improvement in Walter's
handwriting has revealed his
romplete inability to spell."
And as befits a mathematician, his timing on the night

Marshall's secretary says he has been in increasing demand lately as an after-dinner

speaker. She denies firmly that he is being coached profession-ally — but admits that he tries out some of his patter on ber.
Marshall, a very interested
bystander in the dispute
between the NUM and the
National Coal Board, is
evidently taking his cue on communications from Arthur Scargill rather than Ian Mac-

Academy award

Sir Hugh Casson retires as President of the Royal Academy next month after nearly nine years of vigorous leadership which bas given a new lease of life to the 216-year-old instilu-

And at the age of 74, Casson himself is enthusiastically contemplating the extra time he will now have for more of the personal work which has already distinguished so many areas of national life.

An Air Ministry camouflage officer during the 1939-45 war, Casson has spent much of his professional life since, protecting and improving the environment.

He was director of architecture for the Festival of Britain and consultant to such cities as Bath, Chichester and Salisbury. He bas designed Coronation street decorations for Westminster, sets for Covent London Zoo, apartments for the Queen at Windsor, Sandringham and aboard the Royal yacht, and numerous award-winning buildings.

Casson bas been a prolific author—and illustrated the Prince of Wales' story. The Old Man of Lochnagar. He is currently refurbled in Whitehall and designing a new Opera House for the Royal College of Music.

All together he will be a hard All together, he will be a hard act to follow for whoever is platform of the U.S. National



"So I said ' what d'yon mean inefficient?' I said, 'We've found your lost luggage baven't we?'"

elected his successor when the Academiclans ballot on Decem-

The election is wide open, I am told. But Roger de Grey, principal of the City and Guilds London Art School, is tipped as a front-ruoger. And If the RA decides for the first time to invest a woman with the George IV medal and chain of office, it could be Dame Elisabeth Frink, the sculptor.

Quiet lives

When Lord Bernstein, aged 85. makes critical remarks about television affairs he is a man to be listened to.

As Sidney Bernstein he founded Granada, the most io-novative by far of the pioneer British commercial companies.

Academy of Television Arts and Sciences in New York to attack British television.

He was there to receive the academy's 1984 Directorate Award for "outstanding contributions over a period of time to the arts and sciences of inter-national television." British television, be told bls

largely American audience, bad often been opposed by the rigours of the law in reporting and commenting on matters "mightily in the public interest."

Bernstein also had harsh words for some of the people in the broadcasting trade. 'In our battles for freedom of expression we bave, alas, not always bad the support from other broadcasters that we expected. And certainly not from those whose television programme philosophy is, "anything for a quiet life."

Age concern

What have moneybroker dealers got in common with off-sbore riggers, ITV newscasters and croupiers?

Well, according to a booklet of np-to-date facts on employee benefits, compiled by Sun Life of Canada, all may take early retirement at the age of 50 with the agreement of the Inland

I don't know wby lTV newscasters should be apparently more privileged than their BBC colleagues—after all, there tend to be more of them to share the work.

But then Sun Life's list is full of similar oddities. Unlike their dealers, moneybroker managers must plug away until they are 55—en age at wblcb psychiatrists, midwlves, singers, brass instrumentalists and inshore fishermen may also take a well-earned rest.

At the other end of the scale, wrestlers are apparently deemed to lose their grip at 35. Boxers can throw in the towel at the same age, and dancers and footballers may put up their feet

Observer

Barclays Bank Interest Rates.

BASE RATE Barclays Bank PLC and

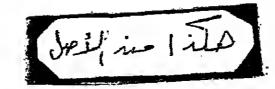
Barclays Bank International Limited announce that with effect from the close of business on 20th November 1984, their Base Rate will be decreased from 10% to 93/4%, This new rate also applies to Barclays Bank Trust Company Limited.

RATES FOR SAVERS

On Bonus Savings and Payplan Accounts interest paid will be decreased from 8% to 73/4% per annum. On ordinary Deposit Accounts interest paid will be decreased from 63/4% to 6½% per annum.



Reg. Office: 54 Lombard St., EC3P 3AH, Reg. No. 3, 48639, 926880 and 1026167.



Letters to the Editor

European steel subsidies

Str.—Your Editorial "Backslid-ing on steel subsidies" (Novem-ber 14) emphasises the Euro-pean crisis cartel was needed to these grounds alone. This is pean crisis cartel was needed to rationalise steelmaking capacity throughout the EEC at a time of falling consumption. You are apprehensive that moves to extend operational subsidies into 1885 may presage extension of the ateel cartel beyond the agreed date for termination of all types of subsidy at the end of 1985. In other words, short-term crists measures are assumed to the subsidies and the obvious reduction in public expenditure commitment.

The descent of European agreed into a protected trading block also provides the U.S. with ample ammunition to determ crisis measures are assuming an air of permanence. A similar phenomenon is to be seen in the U.S. where "temporary" steel trade protection

remains in place 15 years later. You do not stress sufficiently strongly the costs associated with keeping the European steel cartet in place. One danger steel carret in place. One danger is that the panoply of output controls, minimum prices, external trade protection and capacity reduction agreements are causing European steel to ossify. Existing market shares and trade flows are institu-tionalised. Compared with their international competitors, Euro-pean steelmakers can be criti-cised for insufficient interest in customer preferences and marketing and for showing scant regard for developing new steel products for new uses. Output allocation and external trade protection have further attenu-

ated any pressures towards greater market orientation. Restrictions on output pre-vent the most efficient producers expanding at the expense of the least efficient. The market has been stopped from perform-ing its familiar role in reallocating resources from the more costly suppliers towards the cheapest sources. Given the dramatic transformation in British Steel Corporation's for- Jonathan Aylen

lowest cost steel producers, the quite apart from considerations such as the boost to morale among BSC's workforce

block also provides the U.S. with ample ammunition to defend its own protectionist stance. The U.S. is the western world's largest national market for steel. It also harbours many of the world's least com-petitive steel producers. More efficient European steelmakers can hardly argue for unrecan hardly argue for unre-stricted access to this lucrative market if they are shored up by subsidies and protection in their own backyard. Emotive allegations by U.S. steel pro-ducers of unfair "dumping" are bound to sway legislators in these circumstances, what-ever the countervalling lobby access to cheaper steel.

The British Government should side with the Dutch and West Germans in supporting the present agreement to dismantle controls on steel by the end of 1985. Those who have been of 1985. Those who have been slow to adjust to falling consumption by reducing steel-making capacity should abide by the agreed timetable for termination of subsidies. An imminent end to subsidy may force elosures that would otherwise be postponed yet again, especially as national governments would be in a position to maka European pressures the scapegoat for overdue domestic action.

tunes to a point where it has Department of Economics, become one of the world's University of Solford, Solford.

British Gas v the oil companies

From the Director, Centre for International Energy Studies. Erasmus University Rotterdam.

Sir,-Your editorial (October 31) and subsequent reports on the "fight between the international oil companies and tha British Gas Corporation" cover but a small part of the "war" but a small part of the "war" Danish reserves rather than which has broken out between have them sit in the ground interests looking to limited gas unwanted and numarketable; sales and those entities which "of course" foreign suppliers sales and those entities which "of course" foreign suppliers see natural gas as the major of gas should have the opporgrowth element in the European tunity to seek markets in energy market over the next 20 Europe if they so choose. years. Unhapply, the political and institutional clout of the is not the problem, and neither former, coupled with the institutional cloud of the is its availability at a level of analysis of the EEC and the The problem ites in the current International Energy Agency regulation of the market so as (whereby gas acarcity was to ensure that gas's contribution hypothesised), are serving to energy supply does not rise prevent the development of above 17-18 per cent in an natural gas in Western Europe energy market which is not uarural gas in Western Europe as a third-equal contributor (with oil and coal) to the energy at all, over the rest of the aupply: as in the cases of the U.S. and the U.S.R. and as is now happening in other U.S. and the USSR, and as is allowed to expand to its poten-now happening in other parts tial 25-33 per cent of total of the world where increasing energy supply, then the "sacred of the world where increasing availabilities of natural gas are being allowed to expand their

and industry, as well as in commercial and residential use. The constraints on the development of gas markets in western Europe have two adverse consequences; they inhibit the development of the supply (as in the conflict proposition. between potential British gas production and imports from Norway); and, by denying natural gas the opportunity to capture markets from other energy sources they keep energy prices overall too high, to the disadvantage of both individual consumers and the European economy as a whole-in com-petition with areas where market forces or government

markets - in power generation

policies serve to make energy "Of course," it makes sense to develop Britain's gas Peter R. Odell.
resources by ensuring that Posthus 1738,
potential producers have a price 3000 DR. Rotterdam.

Section of the second

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 $\lim_{n\to\infty} \mathcal{L} \leq W^{\frac{n+2n}{2}}$

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The first

SHE

and market motivation to invest in such activities; "of course," Norway's growing (and embar-rassingly large) reserves should be exploited to provide increas-ing volumes of gas to the rest of Europo (including the UK); "of course," it would be hetter to produce Dutch, German and

costs which ensures good profits. regulation of the market so as cows" of Europe's and indi-vidual European countries' energy policy makers would be undermined: notably their support for the high-cost electrifica-

It is the controls on the natural gas industry in Europa which lead to the "fight" to which your Editorial refera: but more important, they operate to the disadvantage of the prospects for the economy, and for a clean and safe environment. They make the much hetter known, and the justifiably criticised, regulation of the natural gas industry in the United States seem mild and ineffective by comparison,

Peter R. Odell.

Local authority finances

shows that three criteria are ing proportion of the total being sought; some relief for the domestic rate excess will be excessive rate burdens falling on counted for the purpose of calexcessive rate burdens falling on counted for the purpose of cal-industry and commarce, less culating rate rebates which detailed intervention by Govern-ment in the affairs of individual from national taxation. local authorities, and a sharpen-

limits for each authority. Entitlement to government grant when spending within those limits can easily be calculated and the resulting nec spending can be translated into a rate in the pound. Authorities will be free to impose higher rates above that calculated with reference to the Government spending limit but subject 10 conditions. Only a marginal (2002 50 december) excess rate in the pound over is interesting to note that this the Government spending limit virtually reverses the Government in the pound can be siven to demostic attachment. charged to commerce and given to domestic ratepayers. industry for example 50 per cent R. P. Olding. of the first 5 per cent, 25 per cent of the next 5 per cent and so on. The consequent shortfall

Essex.

From the Director of Finance, in rate income must be mada District Council of Brentwood good by the authority increasing Sir,—Recent correspondence its domestic rates. Only a reduc-

local authorities, and a snarpeulng nf local accountability for plenty of room for a gradual local spending decisions.

Agree with it or not Government can and does set spending of the percentages, indeed those ment can and does set spending for commercial relief need not the same as those for rebate be the same as those for rebate purposes. As an example, a high spending but not rate cap-ped authority has a commercial compared with a rate calculated on the basis of the Government the mercial (202.5p domestic). It

by it deliberately in an attempt to bolster its dwindling mem-

genuine — as opposed to a "hoped for" — Interest this has been respected by BIFU. I note that ASTMS has threatened to lodge formal complaints with the TUC. If it ecosiders it has grounds for such a move then I can only

BIFU has over 3,500 mem-bers in the Suo Alliance Group and at present it is engaged in a struggle to unite the staff of the Group who are faing ance industry at present is redundancy, possibly on a mas-simply a response to the grow. sive scale. This is being done in the face of fierce opposition political trade unionism among by the maoagemeot, the staff the thousands of insurance staff association and, it would now who are not organised by a TUC affiliated union. In every case in which ASTMS has a 17, Hillside, S.W.19

New technology in Britain

Why we should be wary of a gadget paradise

Solid state Luddism not viable

From Mr N. Garrard
Sir,—Jan Toporowski (November 14) raises a number of
Interesting and valid observations, but I am uncertain as to whether be leads us to the logical conclusion.

He is in effect saying, and probably correctly, that in the year 2000 fewer people will be employed in making microprocessor chips than in making potato chips. Nevertheless his Implicit solid state Luddism is far from being a viable path for The problem today in Britain

is that far too many people see information technology as a microchip end in itself rather than an information-based means to an end, and we aim at advanced components rather than broad application. Fifty years from now we will be eating food, buying bomes,

driving cars on highways and using a large number of other items that will never be replaced by the silicon chip. Nevertheless, information technology will have a profound influence on bow virtually every artefact and service is produced and delivered. Brilain's ability, though, to compete in these areas will depend on the ability of companies to make the major changes in attitudes and habits required to benefit from the opportunities before them. That ability is far from evident,

if the executive can take them home), and a subscription to Prestel-and most companies are content. How many companies - other than those directly involved in the sale of information-related services have a board memher with more than a Sunday supplement understanding of information technology? How many companies have really taken a detailed look from the IT point of view on how they manage their business and how their management organisation and management organisation and processes must be changed? How many companies have realised that the shibholeths of deceotralisation and centralisation will be destroyed by information technology and that corporate culturea, carefully nurtured in the era of quilt pens and tom-toms, will aerve as millstones around their necks.

1964.

The group's efforts seem so

far to have paid off: after some 17 previous attempts to amend or scrap the archale 1950 Shops Act, the prospects for legisla-

"55 the Government clearly backs the Home Office commit-tee's fiedings and plans legisla-

little more than lip service to information technology—a robot or two in production, a sprink-ling of PCs (especially welcome

Mr Toporowski is right in saying that we should take our eyes of the rosy dawn of Silicon Valley, but to suggest, as an alternative, that our traditional approach should not alter "if consumers are not to be con fused by over rapid change " is putting our head in the sand and leaving the stable door

A few notable exceptions apart, Neil Garrard, British industry is still giving 74 St Jomea's Street, SWI.

Equity for new companies

From Mr J. Dodwell

Sir,—I have waited —
obviously in vain—for some
time to see if some less interested person would write to
correct the misleading impression given by your article
(November 1) about our sponsoring of an offer for subscription in Park Commercial Devetion in Park Commercial Deve-lopments, a business expansion scheme company.
It cannot be over-emphasised

that Park is neither a property investment company nor a property dealing company; such activities would be incompat-ible with BES status. The company's objective is to develop small offices for sale to owner/ occupiers. The directors helleve in the market in that many small firms are forced to rent their offices in the absence of the availability of suitable small freehold offices.

A major beneficiary of the company's objectives will be the hard pressed construction trade. Readers will have noted the calls at the CBI conference for assistance for the construction industry. Indeed, since the prospectus was published, the

of approaches from huilding and allied companies seeking work.

In addition, the company will be enabling small businesses—a sector of the economy that we all bope will create increasing employment opportunities—to avoid ever increasing rent demands and to provide the opportunity of bolding solid

Before the BES scheme and its predecessor commenced, -it was very difficult for new or even existing unquoted com-panies to ohtain equity capital from private individuals. The changed the situation. I hope that when the BES rules expire in 1987, individuals will con-tinue to provide equity for private companies; I would have thought this would be very much in accordance with Government policy. Such hopea, however, may well be dashed if too many BES investments fail and prospective investors can hardly be hlamed for seeking those which appear to limit their downside risk. John Dodwell. Chancery Securities,

company has received a number

Lunch eaters and contributors

From the Director. Promotion of Non-Executive

Directors
Sir,—From this organisation's
experience of bundreds of companies and directors the scene that Clive Thornton describes (November 15) is not general. The companies we advise want to use their non-excutive directors fully and most of the people we interview want to make a full contribution. Nevertheless, behind Mr Thornton's jibe about the non-contributing luncheon-eater lies an element of truth in that

some non-executive directors in some companies do not and bave not played a full part. Why? Companies pick the wrong people for the wrong reasons. They pick the man first and write the specification after-wards. So usually able— and sometimes distinguished— people find themselves in the

pany needs. Some companies do not use tinuing need for our work, their non-executives properly. J. P. Charkham.

falls squarely on the shoulders of the chairman. It helps if there is a proper structure in which non-executives can con-tribute. The use of audit and nomination committees is wide-spread in the U.S.: they ought to be more widely used here.
Sharbolders ought to keep a close eye on the effectiveness of boards and move to change

the composition sconer when the circumstances require it. Many company boards are clearly well constituted and well run. When they are not it is not generally the fault of the non-executives. Most boards need more non-executives not fewer, but they need the right onea (and they need to retire the non-contributors) and they need to bave a structure in which they can contribute fully. with the support of a good chairman,

The situation described by Clive Thornton is changing. His wrong slot. The contribution Clive Thornton is changing. His they are eminently fitted to make is not the one the comchange and underline the con-The duty to see this is done 30 Cursitor Street, EC4.

Conflict among the brothers

From the Assistant General Secretary, Banking Insurance and Finance Union

Sir,-I was surprised to learn (November 13) that "fresh conflict" bas hroken out between the Association of Scientific, Technical and Managerial Staffs and this union. This so called conflict is either wholly imagined by ASTMS or is being generated

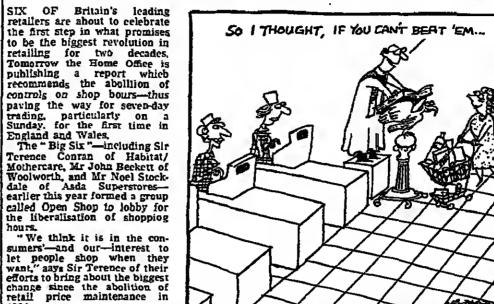
bership. BIFU'a activity in the insuring demand for non-party-political trade unionism among

assume they will proceed accordingly and I await developments with interest.

UK SUNDAY TRADING

Revolution in the air

By David Churchill, Consumer Affairs Correspondent



days but, equally, sees no need at present for its 264 stores to do so. Yet even M and S may find it difficult to remain aloof, given the pressure on its cloth-ing sales from new High Street mpetitors.

tive changes are better than before. Many hig retailers are so coovioced that Sunday trading will be allowed by law, that Apart from the religious objectioos, the crucial issues some are contemplating "jump-ing the gun" and opening for trade on pre-Christmas Sundays to capture an extra share of the that will determine the outcome are economic and social. Will Sunday trading increase retailers costs and hence prices huoyant consumer spending around at present. to consumers? Will it generate extra trade? Will staff he pre-pared to work Sundays and, if so, will their lifestyles deseriorate?

tion to change the law, then I don't think many local councils Opponents of change say that retailers' costs, such as energy, will bother to prosecute stores that open on a Suoday hefore Christmas," Sir Terence says. labour and distribution but including "hidden costs" such as extra staff theft and shop-But any celebration may be a trifle premature. Their oppo-neots bave successfully opposed as extra stan their and snop-lifting, must increase with seven-day trading. One of John Lewis's directors of trading, Mr Ian Anderson, sald longer open-ing hours would raise "tho costs of public services, such as police, refuse collection, shop change for over 30 years. Opposition centrea around the religious lobby, notably the Lord's Day Observance Society, and the main shopworkers' union USDAW, but include big reunion inspection, and transport," Mr tailers such as the John Lewis Partnership and Boots, as well as many smaller stores. The Re-John Flood, deputy general secretary of USDAW, is adamant that costs must rise tail Consortium, the main retail and claims that big retallers have made no secret of the likelihood of price rises."
Supporters of change do not disagree that some costs, eapeci-

trade body, has gone through an agonising year with its members aplit down the middle for and against change. Britain's biggest retailer, Marks and Spencer, has a rather ambivalent attitude to Sonday trading: it does not oppose retailers opening on Sun-

store is open or not." He points to Scotland, where Sunday opening is lawful, and says that "extra cosis are more than outweighed by the benefits of extra

B & Q, the 129-strong chain of do-it-yourself stores owned by Woolworths, finds that its Scottish stores which open on seven days a week are more efficient than its English stores which trade for six days. Between August 1982 and

July 1983, average weekly sales per employee in England were £1,435, and in Scottish stores £1,511. It also measures staff efficiency by taking staff costs as a percentage of sales. In the first half of 1983, those in Scotland were 7.9 per cent—the lowest of its four operating regions—and in the Midlands 9.09 per cent, in spite of staff in Scottish stores being paid a premium for voluntary Sunday working, Management, too. is paid a premium of just under 10 per cent for working every other weekend.

While B & Q has found that Sunday has become its best trading day in Scotland, and those English stores where it has unlawfully opened on a Sunday, other retailers in Scotland, such as British Home Stores, have found that Sunday still runs second to Saturday as the best trading day.

ing ln Scotland and elsewhere has led to extra sales, which has reduced unit easts and eased fears that prices would rise. Habltat, for example, already flouts the law hy open-ing for trade on Sunday's In canterbury — ironically, the heart of the Anglican religion -but Conran says that "we wouldn't do It if it wasn't worth our while.

The other main charge against Sunday trading is that staff do not want to work on Sundays and, if they do, it disrupts family life.

"We have absolutely no problem in finding staff willing to work on a Sunday," says Con-ran. Hahitat in Scotland gives staff the equivalent of a day off every fortnight in lieu of Sun-day working. British Home Stores already operates a separate Saturday operates a sepa-rate Saturday staff in its stores and, in Scotland, Sunday staff are cliher Saturday employees voluntarily working an extra day or week-day stoff working an extra shift.

Mr Denis Cassidy, BIIS's managing director, believes this does not disrupt family life,
"We have a lot of young
people working at weekends whu do not mind being out of the house," he says, "Equally, we have a lot of mothers who have to stay in during the week to look alter their children."

Experience of retailers in the U.S., where seven-day trading is widespread, also shows that staff are willing to work Sun-days. In Massachusetts, where Sunday trading has been Sunday trading has been allowed only in the past few years, the Jordan Marsh department store chain finds its regular workers only too willing to volunteer for Sunday work. Mr Jordan Marsh, the store's vicepresident, says that couples who work on weekdays seem to use Saturdays for routine errands and Sundays to do serious shopping.

With pressure for liberallsing the shops hours in the UK mounting almost daily, all retailers are now anxiously waiting to see whether the Government will introduce a Bill itself or support a private members' Bill (such a Bill was defeated in February 1983).

Moreover, as Conran points out, "we will want to experiment about which opening bours suit us and in which ally wages, would be higher still runs second to Saturday bours suit us and in which with Sunday trading. But Mr as the hest trading day.

John Hardman of Asda points out that many costs are fixed have had similar experiences. be a radical re-think on "and are incurred whether the All maintain that Sunday trad-



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FINANCIALTIMES

Tuesday November 20 1984



BELGRADE TALKS CENTRE ON A DILEMMA WHICH IS BOTH POLITICAL AND ECONOMIC

Yugoslavia battles to keep IMF at bay

BY DAVID BUCHAN IN LONDON AND ALEKSANDAR LEBL IN BELGRADE

A TEAM from the International termine whether Yugoslavia, ooe of the more problematic debtors outside Latin America, settles its foreign payment problems for the next year rescheduling agreement and four years or faces a new rescheduling crisis by the end of this year.

The Yugoslav dilemma is political as well as economic. The Belgrade Government has innked ahead, under Article 4 of the IMF charter. seen that it owes a steady \$3.4hn-\$3.5hn in repayment of principal in each of the next four years and de- emphatically do not. cided that it makes sense to reschedule most of these 1985–88 maturities in a single package now.

At the same time, it no longer wants more of the same IMF supervision in the guise of standby credit adjustment programmes, which helped it reschedule its 1983-84

The IMF has become a cnnvenient whipping hny for Yugoislav politicians, some in the Govern-ment itself but most outside in the the annual negotiating lever from federal parliament and the republics. The coliticians in turn are giving vent to popular anger at the past four years of stagnating or falling real income - the result of austerity measures encouraged and endorsed by the IMF.

Looking at the Latin American Monetary Fund (IMF) vesterday be- experience, Belgrade feels it has gan talks in Belgrade which will defound a way of calling in the IMF doctor, but writing its own prescrip-

> Mexico has concluded a multigot its creditors to accept that it need only consult the IMF in a slightly more elaborate manner than all members do with the fund

This is precisely what Belgrade wants - but what its creditors Yugoslavia is - as Belgrade pleads in other contexts - a special case. Highly decentralised, it has a weaker central government than

any of its Soviet bloc neighbours and many capitalist countries, and has a record of slow economic adjustment A multi-year deht rescheduling

may thus make all the more sense in the case of Yugoslavia, and its creditors seem to recognise this. the hands of the creditors, who

Yugoslavia's deht (unlike the obligatinns of Mexico which are overwbelmingly to commercial banks)

must therefore rely all the more no

international institutions, governmeots and banks. The banks are looking to governments for a lead. The latter bave said (ann this was reinforced by Mrs Margaret Thatcher the British Prime Minister, to Mr Raif Dizdareric, the Yugoslav Foreign Minister, in London earlier this month) that any multiyear deht relief must be on the hasis of an IMF standby programme beyind expiry of the present nne next March 31.

The problem for the Government of Prime Minister Milka Planinc is partly one of presentation. It needs to appear to act tough with the IMF. Mr Vladn Klemencic, the Finance Minister, was qunted last month as refusing to write any more letters of intent to the IMF to secure stand-

He said then that he was misquoted. Most recently be said that he was open-minded about this week's discussings with the IMF.

The Government, however, also wants whatever arrangement emerges from discussions with the IMF and creditors to reflect a change of strategy in coming years. Demand-squeezing austerity bas steadily improved the country's external finances, from an appalling is split evenly three ways - hetween \$3.7hn deficit on current account in product should on average grow at ward push.



6 U.S. \$60

1979 to a probable \$800m surplus this year - above the IMF-agreed target of \$500m. The cost in lowered living standards and postponed modernisation of industry has been

"So we now have to go for a more amhitious policy," says one senior national bank official. This means allowing personal consumption and imports to rise, but still maintaining halance of nayments improvements hy making sure that exports and industrial output rise even

42 per cent a year ann keep ahead of domestic consumption growth of 3.6 per cent until the end of the decade. The deht might then be cut to \$16bn by 1990 or \$3bn below its

This year is seen as the transition towards a return in the late 1980s to the high growth which Yugoslavia achieved in the 1970s. Between January and September, exports and industrial production (up 5 per cent) were stronger than expected, but investment (down 10 per cent), do-mestic consumption (down 3 per cent) and real wages (down 7 per cent) were lower than the Government planned for.

The real conundrum, for Yugoslavia and, if they are still involved next year, IMF officials, is what to do about the country's persistently high inflation rate. Retail prices rose at an annualised pace close to 50 per cent in the first nine months of this year. This was slower than last year, but prices were actually supposed to be frozen until May, and nnly hy September were the prices of 55 per cent of all commodities allowed to run free, as the IMF faster. insisted. A higher growth strategy
The aim is that gross national could give inflatinn another sky-

High death

toll in

Mexican

gas blasts

By David Gardner In Mexico City

private gas distribution plants in

plants are fed by the network of Pe

mex, the state oil monopoly. The leak ignited and set off the hlasts,

which engulfed the centre in sec-

A pilot overflying the area said

that flames from the explosion leaped 1,500m into the air. Four of

Currys/Dixons

Currys' final defence document against Dixons smacks more than a little of desperation. Despite the fact that more than 40 per cent of the shares are held by Curry family interests, the group has laced its last appeal to shareholders' loyal-ties - Dixons' hid closes on Friday -with the promise of a 150p per share distribution to be achieved through an elaborate capital reor-

The Bank of England seems un

able to take a hint. Last week the

UK Chancellor of the Exchequer

was talking hrightly about the pros-

pects for lower interest rates and all

the Bank could manage yesterday

hy way of reply was an endorse-ment of Barclay's quarter-point

hase rate cut. The authorities had

plenty of room to cut by half a

point, so either they know some-thing we do not or they are taking

gradualism to an extreme. It is hard

to imagine that a quarter of a point

was exactly what the Chancellor had in mind.

Currys' proposal is bold but hardly innovative. The group's financial adviser, S. G. Warburg, resorted to a similar tactic on hehalf of Thomas Tilling last year, just a fortnight be-fore its client disappeared into the embrace of BTR. Currys' bas also chosen to dely some glaring tax inefficiencies. It envisages selling property with a book value of £85m and taking om new deht, all to provide shareholders with cash of £50m or so - the difference vanisbes in capital gains liabilities incurred on both the sales and the

MORE THAN 90 people were killed Any institutional shareholder disturbed at this prospect is unlikely to and over 400 injured yesterday by a chain of massive explosions at Mexbe mollified by the news that Currys intends to borrow the cost of the ico City's main gas distribution cencash distribution from its clearing bank, to be repaid later out of the The city was rocked before dawn property sales. But none of the sales have yet been negotiated yesterday by teo explosions at the San Juan Ixhuatepec distribution and as Rank Organisation found in plant, the main supply centre for the city's 17m inhabitants. month, the commercial property The explosions are believed to market is no respecter of appraised bave been set off by a leaking gas duct which supplied one of three values in a package deal - let alone

distribution.

Even the book value seems open to a modicum of doubt. The 27 per cent revaluation of Currys' total portfolio, after all, comes only seven months after the date of the directors' latest full internal revaluation. The defence also lnoks to have made some cheerful assumptions

elsewhere: Christmas must certainly be coming early this year, to judge by Currys' confident expecta-tions of it, while the defence is surely a little too brazen - even by today's standards - in asserting a limited downside risk nn the share price if Dixons fails.

THE LEX COLUMN

More spice than

DIXONS

lts share price last night will have offered Currys no comfort, slipping IIp to 485p in comparison with a 499p value on the Dixons bid. If a retreat by Dixons were to have no effect at all, the Currys share reduced by the amount of the 150p pay out would sit on a multiple of about 13% times earnings for the

year to October - after taking account of some £5.5m costs on the lease back of the sold properties. But the extra management prob-lems facing Currys could equally be seen as warranting a return to the pre-bid 248p price, with perhaps some premium added for the cash to come - leaving the Dixons' bid no less attractive than before.

ANZ/Grindlays

The terms of Australia and New Zealand Banking Group's offer for Grindlays looked generous enough when the terms were announced in June, After yesterday's figures for the nine months to September, negotiating with British Land last ANZ should be accorded charitable

balance sheet.

meat in Currys writing off goodwill, it will have

poid a premium of almost three-quarters to book value. Just as well

perhaps, that ANZ is happy to take

the long-term view. The new provisions arise over whelmingly in the area of sovereign risk, against which Grindlays had already made substantial charges in 1962 and 1963. That further provisions of this magnitude should now be necessary is worrying enough in itself. But the most disturbing feabure of the announcement is the ap-parent gulf between British and Australian standards on the matter. Australian banks have a relatively small exposure to sovereign risk and so can afford to take a stringent approach, but the cost to Grindlays of coming into line only re-inforces the case for some form

L. M. Ericsson

of international harmonisation.

The deep gloom that has hung over Swedish stocks in the past week seemed more than justified last night when L.M. Ericsson finally issued its nine-months figures to September, alongside a downward revision for estimated pre-tax proiits for the year. The rumours about component shortages hitting Ericsson's information systems division — which lopped 7 per cent off the company's value in the course of the day in Stockholm — turned out to be accurate with pre-tax profits for the traditionally weak third quarter down over 80 per cent to SKr 20m. U.S. investors, who are growing increasingly restive with Scandinavian holdings, may simply brush aside Ericsson's timid sug-gestion that though pre-tar profits for the year may not match the SKr 1.76bm of 1983, a lower tax charge should host earnings per share above last year's SKr 31.5.

Heads have now rolled in information systems and Ericsson believes that the cost explosion in status in the UK. By switching to minicomputers and radio communi-ANZ's own accounting standards, cations will have burned itself out Grindlays has been obliged to swalphase by the end of the year. The order low a general provision of £80m, backlog is up at a bealthy SKr 24bn. equivalent to half the share capital But with the Swedish institutions sitting on the stockmarket side-lines, and the U.S. heavily disen-Changes in accounting policies chanted with Nordic stocks after a and the subscription of new capital run of disappointing results from by ANZ have kept the Grindlays the likes of Alfa-Laval and Novo, balance sheet within the Bank of Ericsson may have trouble convin-England's required ratios, but that cing the world of its strengths.

Grindlays reports loss of £52.1m

By David Lascelles, Banking Correspondent, in London acquired by the Australia and New nationalisation. Zealand Bank (ANZ) in September, yesterday reported a C52.1m (S65m)

conform with those of ANZ. Be- value. cause ANZ's criteria are stricter than Grindlays', a decision was tak-

ANZ, which paid £182m for Grindlays, has also injected a further £75m of capital into its new subsidiary to ensure that its balance sheet complies with ratios re-

quired by the Bank of England. It was emphasised yesterday that the large extra provision was not prompted by the sudden emergence of difficulties at Grindlays. ANZ, like other large Australian banks bas conservative accounting policies, and the need for such action had been foreseen at the time of the

acquisition. At the end of September, Grindlays' share capital and reserves stood at £181m and total capital resources, including subordinated deht, at £432m.

Analysts noted yesterday, however, that Grindlays' profits were reduced in 1982 and 1983 by provi-sing for doubtful debts. Last year, the bank set aside CI5m "in recognition of the continuing uncertainties existing in some of the markets in which we operate." It reported pre tax profits of £10.3m.

Grindlays is active principally in the Third World, with much of its husiness concentrated on the Indian sub-continent. Profits up at ANZ, Page 24; See Lex, this Page

Laker Airways probe closed

Continued from Page 1 eration of U.S. anti-trust laws on foreign companies.

The threat of anti-trust action in the Laker case had inhihited many European airlines from participating in new transatiantic fares ngreements, and had been progressively severely souring U.S. and European aviation relations. to 5 per cent since the beginning of November and last night's devalua-

British industrialist warns U.S. over Telecom share issue

BY GUY DE JONQUIERES IN LONDON

about the American marketing of the British Telecom (BT) share issue bas come from Sir William Lithgow, a Scottisb industrialist who has been fighting a lengthy legal GRINDLAYS BANK, which was battle over compensation for

American lawyers aching for Sir William bave told the U.S. Securiloss for the first nine months of this lies and Exchange Commission year.

The result, which surprised financial markets, follows an extensive review of Grindlays' accounting prachees and policies to make them prachees and policies to make them with those of ANZ B.

The SEC would not comment yesterday, but the British Government en to transfer £30m into Grindlays' and its financial advisers appear general provision to cover possible | confident that the SEC will accept should disclose "the material risks £3.7m. He argues that the price was loan losses, mainly to sovereign, or that the prospectuses satisfy its of nationalisation and its historical well below the company's market country, borrowers.

that the prospectuses satisfy its of nationalisation and its historical well below the company's market country, borrowers.

A COMPLAINT to U.S. authorities the U.S. will proceed smnothly. The Government and its advisers hnpe to sell 415m shares worth £539m (\$685m) - 14 per cent of the 3bn sbares being offered - to inves-tors in the U.S., Canada and Japan.

The BT prospectus is issued in the

The prospectuses point out that the Labour Party, now in opposi-tion, is pledged to renationalise BT on the basis of "no speculative gain." Sir William's lawyers argue that, in that event, U.S. investors could suffer financial loss and might not be entitled to the same protection from British courts that

they would receive in the U.S.

should be listed as a "risk factor" or the document's cover.

Sir William, who is chairman of Lithgow Holdings, a diversified industrial group, was not available yesterday. He bas been seeking for some years to win improvements in the compensation provisions for investors whose assets were nationalised.

Sir William joined several other British complainants three years ago in taking their case to the Euro ean Commission of Human Rights

His case is based on the nationalisation in 1977 of John G. Kincaid, a They ask the SEC to ensure that marine engine builder in which be "red berring" prospectuses bad a 28 per cent interest, for

U.S. bank in countertrade venture

NEW YORK - First Boston, the U.S. investment bank, and Metalige-sellschaft Services Inc. formed First Boston-Metallgesellschaft, a joint venture partnership that will advise multinational corporations and government agencies on developing countertrade financing packages.

Metallgesellschaft Services is the New York-based countertrade subsidiary of the West German minerals, engineering and trading

BY KEVIN DONE IN STOCKHOLM

wake nf a series nf inflationary

wage settlements pushed through

The wage settlements have thrown the Icelandic Government's

maintain a firm exchange rate.

The Icelandic krona had already

been allowed to depreciate by close

per cent to the end of 1985.

stering the island's economy in the open today.

Iceland devalues krona

ICELAND last night devalued its tion came nn top of that fall. The currency by 12 per cent in the first hanks foreign exchange depart-of a series of moves aimed at bol ments, closed yesterday, will re-

amhitious econnmic stabilisation ening a further sharp deterioration

programmes seriously off course, in the current account of the bal-

and forced it to give up - at least temporarily - its commitment to The Icelandic kri

by 12% after strike

Countertrade involves reciprocal "With the debt crisis, less-devel-

count in developing countries and countertrade.

The Government saw nn alterna-

tive to a devaluation to regain the

ment is seeking to slow down the

rise in imports triggered by the wage settlements, which is threat-

The Icelandic krona was last de-

valued in May 1983 by 14.3 per cent

amid austerity measures aimed at

which was running at more than

curbing iceland's chronic inflation,

trade arrangements that are not oped countries can't get their hands settled 100 per cent in money. Its on foreign exchange," said Mr simplest form is harter, but it can Christopher W. Beale, a managing mean transactions with partial pay director at First Boston.

ment for goods in cash. "You find multinationals that

Estimates of countertrade vol- used to sell hundreds of millions of ume vary from 5 per cent to 30 per dollars (of goods and services) in cent of the total world trade in the Third World, down to 10 per goods and services. Companies cent of their previous sales," be such as General Motors and Pepsi- added. To keep business, multinaco countertrade for their own ac- tionals are often forced to turn to

Japanese take over **Fotomat**

KONISHIROKU Photo Industry. the second largest Japanese photo-graphic film company, is to take After a four-week strike by public-sector workers that almost halted leeland's foreign trade, unions in the public and private sectors secured wage increases of about 000 more about 100 majority cootrol of Fotomat, the higgest retail film processing chain in the U.S., as part of a recapitalisa-tion of the financially troubled group, which has lost over \$50m in the last 2½ years.

Fotomat's rapid emergence as the leading photographic processing group in the U.S. was brought to an ahrupt halt by the development of the cheap "minilabs" offering onthe spot processing. Mr Ross Roeder, Fotomat's chair

man, said that Konishiroku, one of its biggest suppliers, bad agreed to invest \$10m in cash into Fotomat and convert its currectly outstanding \$13.5m debenture to common stock. As a result, it will bold approximately 60 per cent of Foto-Fotomat also plans to complete a

loan agreement with new banks during the coming weeks, belped by its new Japanese owner. Much of the proceeds from the new loan will be used to repay the present banks, led by Contineotal Illinois. The lat-ter would receive \$17m in cash and a note for the remainder.

After several quarters of losses, Fotomat moved back into profit in its last quarter when it earned \$1.5m on sales of \$50.8m. Over the last 18 months it bas closed more duciog its retail outlets to 2,400 The Bundesbank is indicating that units. Fotomat's blue and gold ki- a blt more spending in the right sec-

Bundesbank calls for spending boost

farm from igniting.

on the Gulf of Mexico.

Continued from Page 1 chance to concentrate investment

funds on new, growth sectors. Bundesbank figures show that

public-sector investment last year totalled DM 50.5bn (\$17bn), 7 per cent down on the 1982 figure and DM 12bn lower than the record sum spent in 1980.

The cuts reflect the strenuous efforts of anthorities at all levels to reduce borrowing. As a result the ratio of public spending to GNP dropped last year by 1 percentage point to 49 per cent - the first fall since 1977.

Opposition parties in Bonn have accused the Federal government of gross "overconsolidation," which they say will depress growth and add to the country's 2.2m jobless.



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More miners back in UK

timism that only 50 per cent of labour force would be on strike hy Christmas. About a third of the 180,000 workforce is now working.

that over 150,060 miners remained on strike. He said the return to work had been "a complete and utter disaster so far as the coal board | than 1,100 unprofitable kiosks, reis concerned. It ought to convince them and this Government there should be serious negotiations and osks are familiar sights in shopping tors can now be afforded, without a serious attempt to get this indus-malls and parking lots across the endangering the main consolidation

Continued from Page 1

according to the board. Mr Scargill yesterday again con-tested the NCB's figures and said



SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Tuesday November 20 1984



\$116m charge for Baxter **Travenol**

By Paul Taylor In New York BAXTER TRAVENOL Laboratories, the U.S. health-care products group, which last month reported a sharp 31 per cent drop in third-quarter earnings, said yesterday that it would take a \$118m charge

in its fourth quarter.

The Dearfield, Illinois-based group, said the charge would result from "manufacturing consolida-tions and asset re-evaluation." The company, whose shares were sus-pended on the New York Stock Ex-change ahead of the surprise announcement, said the move had been approved by its board as part of a strategic plan "to meet the changing requirements of the health-care marketplace."

After the announcement Baxter Travenol shares resumed trading down 5% at \$13% from the halt and down 25 cents from the Friday

Last month when the company announced the sharp decline third-quarter profits to \$39.7m and n 23 per cent decline in net earnings in the first nine months to \$122.6m. it cited difficult business conditions including competitive pricing, a changing business, declining hospi-tal admissions in the U.S. and efforts by the Federal Government and others to cut health care costs. Baxter Travenol warned then that 1984 full-year earnings would be below the \$218.1m or \$1.54 a share earned last year.

VI. Ericoga

Baxter Travenol said the largest part of the fourth-quarter charge would result from the consolidation of its worldwide manufacturing operations, including the closing of op-erations at its Hays, Kansas, facili-

In addition Baxter Travenol, 1983 fourth quarter on sales of \$477.5m, said another part of the charge would result from the reevaluation of assets associated with its 1982 acquisitions of Medcom and

improve cash flow, financial re- year of Si turns and profitability. ..

Nasdaq names new chairman

By Our New York Staff

THE U.S. Association of Securities Dealers (NASD), which on Friday won Securities and Exchange Commission approval for n big expan-sion of its national market system for trading over the countersecurities, yesterday named as chairman Mr Peter Byrne, n semor vice-president of Dean Witter Reynolds.

Ericsson to revise profits forecast after component shortages

BY DAVID BROWN IN STOCKHOLM

ERICSSON, the Nordic region's rose by only 13 per cent to SKr 6bn, largest telecommunications and about half the rate during the first electronics company, has been forced to revise its 1984 profits forecast dramatically.

Major unexpected component shortages and the resulting rise in costs during the third quarter now make it doubtful whether Ericsson will reach the SKr 1.76bn (\$206m) pre-tax figure achieved last year, said Mr Fritz Staffas, the group finance director.

At the six months point the group had forecast that both sales and profits would rise by 20 per cent for he full year.

agement in the information sys-units. Ericsson Inc. the U.S. opera-tems division "had been more con-tion jointly owned with Atlantic cerned with increased volume than Richfield contributed SKr 154m to with costs and profits bility. One the total decline. The group has top executive in the division has made plans to sell some but not all

Invoicing in the third quarter United States.

six months and "well below expec-tations," said Mr Staffas. Total sales through September were SKr 19.35bn, up 18 per cent. Costs rose at a much faster rate than sales.

Third-quarter profits before appropriations and taxes fell from SKr 138m to SKr 28m for the period. Mr Staffas said. For the nine months operating profits rose only 8 per cent to SKr 1.55bn, while income before appropriations and taxes rose at the same rate to SKr 954m.

The component shortages affect ed mainly the information system The group stated that the man- and the radio communications of its power cable operation in the

Goldsmith seeks to lift interest in Colgate

BY TERRY DODSWORTH IN NEW YORK

SIR JAMES Goldsmith, the British beginning of October, when Sir financier, appears to be gearing up James's interest first surfaced, it is for a potential takeover assault on colgate-Palmolive, the U.S. househad a disappointing profits record company.
over the last few years.

Sources close to Sir James confirmed yesterday that he has made a filing under the Hart-Scott-Roding anti-trust regulations asking to be allowed to increase his stake in In addition Baxter Travenol, Colgate to more than 10 per cent, which reported net earnings of Sir James is currently believed to \$58.3m, nr 41 cents a share, in the own around 2.5 per cent of the company but has to seek approval to hid for a larger share.

Colgate has been the subject of repeated takeover speculation for its 1962 acquisitions of Medcom and Auto-Syringe and a reduction in the estimate of the remaining useful lives of certain manufacturing as to value the group at almost \$2bn. The company said yesterday that it believed the latest measure would still under their high point for the

hold products company, which has takeover measures launched by the

Under a complex scheme de-signed by Wachtell Lipton, the New York corporate lawyers, Colgate has made itself considerably more expensive for a potential bidder. If the company is acquired, new rights recently issued on Colgate shares will become operative, allow ing holders to purchase shares in the surviving company with a man ket value of twice the exercise price of the right.

The legitimacy of this new takeover defence method, dubbed an "exploding poison pill," is now being tested in court through a similar scheme launched by Household International, the finance and retail conglomerate. Shareholders have Although Wall Street has been for not seeking shareholder approvementy watching Colgate since the al for the scheme.

Levi sees profits fall 80%

BY OUR FINANCIAL STAFF

eans producer, bas made a further lownward revision of profits for fiscal 1984, which ends on November 25, and now expects net earnings

LEVI STRAUSS, the U.S. blue nims, said it expects fourth-quarter net profits to drop 97 per cent to \$1.5m, or 5 cents n share, on sales

down 15 per cent to \$600m. In July, Levi had revised its earlifor the period to fall 80 per cent to \$40m, or \$1.05 a share.

Levi, which has been hit by the move away from traditinnal de
Levi, which has been hit by the move away from traditinnal de
S97m.



Johnnie Walker Red Label. Since 1820. Recognised for good taste throughout the world.

Vancouver SE halts trading in 4 issues

By Bernard Simon in Toronto

THE VANCOUVER stock exchange has suspended shares of four resource companies as investigations continue into the cause of n sudden plunge in their share price on October 19.

The exchange said that the four companies had failed to file quarterly financial statements, naintain the minimum number of directors required by law or clarify their affairs following the October price crash.

The four are among nine companies in which trading was halted after October 19. An exchange official said yesterday that the suspension order represented a more severe form of discipline. Trading in the other five shares

The suspended companies are Beauford Resources, Express Resources, Rencon Besources and Shiloh Besources. Beauford's share price dropped from C\$10 to C\$1 on October 19.

The Vancouver stock exchange and regulatory authorities in British Columbia have not yet completed their investigation into the nine companies and reasons for the price plunge. They are trying to determine whether there is any connection between the companies.

Meanwhile, an anonymous private group has expressed dissatisfaction with the authorities' response to last month's events and has begun its own investigations, Advertisements in Canada's main national newspaper have recently solicited confiden-

Trading on the exchange, whose lenient listing require-ments have attracted a large number of small entreprenential companies, bas stabilised in recent weeks. Volume remains somewhat higher than normal. but the market's overall perfor-mance has matched that of other North American exchanges. The Vancouver price index has dropped by little more than I per cent in the past month.

Shareholding in Soral redistributed

By John Wicks in Zurich

ALUSUISSE and Norsk Hydro have announced plans to redis-tribute their shareholding in Sor-Norge Aluminium (Soral), the Norwegian smelting compa-

Alusuisse is to sell part of its controlling stake of about 75 per cent in Soral to permit Norsk Hydro to increase its shareholding from some 25 to 50 per erot. At the same time, it is intended to expand the annual capacity of Soral's smelter at Husnes from 66,000 to 100,000 tonnes.

These plans will depend on the allocation of additional electrical power by the Norwegian Government "on a long-term basis," on appropriate financing for the expansion project and on approval from the boards of the three

A statement from Alusuisse says that "a green light for both the expansion and the rear-rangement in ownership" can be expected about mid-1985. It would then take some two years to set up the additional capacity.

The extra metal to be smelted at the Soral plant would go to the Norwegian partner. Alusuisse has no immediate requirement for aluminium and has been slowing down production at Eu-ropean and American smelters.

Chilean deal for Citibank

SANTIAGO - Citicorp's Citibank Overseas Investment subsidiary has won a tender to buy the Chilean finance house Financiers At-

Atlas is part of the BHC group of companies, which was effec-tively bankrupted by Chilean government intervention in the banking system in January last

Citibank offered 918m pesos (\$7.8m) for the company, which has loans of 5.59bn pesos outstanding and showed a profit of 79.6m pesos in the first nine months of this year, according to government figures. No comparisons were available.

Citibank now has 90 days to complete its purchase of 99.9 per cent of Atlas's 33m shares.

FIERCE COMPETITION AND NATIONAL PRIDE HANDICAP WEST INDIES AIRLINES

Staying aloft in the Caribbean

BY CANUTE JAMES IN KINGSTON

THE DETERMINATION of a small Caribhean airline, Leeward Island Air Transport (Liat), to spend a loan from the European Commission on the aircraft of its choice rather than the type prescribed by the EEC has highlighted the prob-

ems of carriers in the area. They are operatiog from weak financial positions on routes which are either fiercely competitive or

economically uncertain.

The recent improvement in the fortunes of the international airline industry is likely to bypass not only Leeward, an island-hopping com-muter line, but also the larger British West Indian Airways (BWIA). owned by the Government of Trinidad and Tobago, and the stateowned Air Jamaica.

"The bigger airlines used the pe-Mr Frank Rampersad, chairman of

The smaller airlines like ours inevitably have high fixed costs, so we will not be able to derive quick benefits from the increase in inter-national travel. Inevitably it will take us longer to come out of the regative situation."

the \$20m loan from the EEC comes pany could be close to breaking after the airline reported slightly improved financial performance, The Commission says List should buy four ATR 42s, built by Aerospaof four Lockheed Tristar L-1011s fluctuations in the volume of
tiale, while the airline is insisting it
and five McDonnell-Douglas DC-9s.
daymakers visiting the island.

should get Avro 748s, built by British Aerospace.

Leeward's operating revenues

grew last year by 8.18 per ceot over those of 1982, to reach Eastern Caribbean \$68m (U.S.\$25.18m). The operating surplus was EC\$969,000.
For this growth to continue, the

company argues, the British air-craft would be ideal. They would streamline the fleet which, in addition to five ageing Avro 748s, is comprised of a pot-pourri of Brit-tan-Norman Islanders and Trislanders, De Havilland Twin Otters, Cessnas and Brazilian Bandei-

The airline's owners, the governments of the 13 countries of the Caribbean Economic Community, have been conspicuously silent on the row. The Caribbean Developriod of the slump to cut costs in ment Bank, however, through several ways, including gains from which the EEC loan is channelled, agreements with unions," explained has come out in support of the BAe which the EEC loan is channelled, has come out in support of the BAe aircraft. If Leeward had selected the French aircraft, the hank said, it would have had to withhold en-

dorsement of the loan. Like Leeward, BWIA appears to be flying into improved viability after years of continuing losses. Its fi-nancial prospects have improved with a steady reduction in its losses The row over Leeward's use of in the past four years, and the comeven oo its operational costs this

The core of BWIA's fleet consists

main international routes linking two Airbus A-300s services routes Port of Spain to New York, Toronto. used on the Caribbean regional routes, which serve Barbados, Anti- Rico. gua, St Lucia, Puerto Rico, Jamaica and Curação.

Despite the adverse times for the industry, BWIA has managed to reduce its operating losses by 50 per year. The cash operating loss last year that Air Jamaica would lose year was U.S.S14.8m, and the target another U.S.S12.5m this year. for this year is to break even.

corded against fluctuations in revenue passenger miles from 923m in buses, the latest acquisitions, were 1980 to 850m in 1981, rising to 918m in 1982 and dipping to 895m last

There appears to be scope for im- The company had to borrow anrovement through increased load other U.S.\$14m from a Panamanian factors. Available passenger miles company in February to keep up its last year totalled 1.478m.

Mr Rampersad is concerned that BWIA's operations are adversely af- Administration's decision to deregpoint where our routes cross. BWIA passenger volume last year was 24 operates its routes from a base at per cent above the 737,000 recorded the bottom of a vee. As a small air- in 1980. line we are in a sense controlled by the type of market we can get."

the region's tourist Industry. In its and Air Jamaica, Because they are 15 years, the Jamaican carrier's for- national flag carriers, both governtunes have been determined by ments are unwilling to contemplate fluctuations in the volume of boli-

linking the island to Miami. New York, Baltimore, Los Angeles, Philadelphia, Toronto, Haiti and Puerto

The increase in the volume of tourists, however, could not prevent the airline accumulating losses of U.S.532.8m over the past five years. Mr Pearnel Charles, Jamaica's cent in the four-year period to last Transport Minister, said earlier this

The losses bave forced the airliot The improvements have been re- to trim its fleet significantly from 13 bought from the fleet of the defunct Laker Airways with a U.S.\$78m loan from Midland Bank of the UK

servicing of the Midland Bank loan. Mr Charles has blamed the U.S. fected by its route structure. Our ulate the airline industry for causroute structure is skewed. It would ing Air Jamaica "scrious competi-be better if we could operate from a tion." Despite this, Air Jamaica's

National pride plays a large part in preventing meaningful co-opera-Like BWIA, Air Jamaica lives on tion, particularly between BWIA

Turbo Resources control passes to bank

BY BERNARD SIMON IN TORONTO

controlling interest in the cootract drilling subsidiary of the debt-bur-dened Calgary Energy company, Turbo Resources, as part of an agreement to reduce Turbo's debt by CS75m (U.S.S57.25m).

The transaction will cut Turbo's debt and accrued interest liabilities to C\$751m and will clear its debt to Royal Bank. Liabilities to the com-

Imperial Bank of Commerce, will also be reduced by the sale of assets transferred by the contract drilling subsidiary, Challenger International Services, to Turbo.

The assets include investments in U.S. real estate and in oil and gas properties. Under the agreement between Turbo, Royal Bank and the with CS7.5m in cash and Challenger sets in an effort to improve its fi-Bank of Commerce, Challenger will

used in part to redeem existing Challenger class A shares for CS2 each and B shares for half a cent

assets worth C315m, all of which nancial position.

ROYAL Bank of Canada is to take a pany's main creditor, the Canadian issue common shares to Royal will be used to reduce debt. In addi-Bank, the proceeds of which will be tion, Royal Bank has agreed to cancel CS49m of Turbo debt.

> Turbo's losses totalled C\$53m in each. Turbo owns 85 per cent of the first half of this year, compared Challenger's class A special shares with CS72m a year earlier. Besides and all its class B common shares. the Challenger disposal, the compa-

This announcement appears as a matter of record only.



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October 1984

HK Land to separate property interests

By David Dodwell In Hong Kong HONGKONG LAND, the beavily indebted property group, is to establish a wholly-owned subsi-diary to control its property

Mr David Davies, the group's managing director, said the move was part of a financial reorganisation which will enable the group's three core businesses—property, food, and hotels—"to be fully accountable and to identify with its own contribution to the group."

Dairy Farms, the food distri-

hutinn subsidiary, and Mandarin International Hotels, which controls the group's worldwide hotel interests, are already independently run, and Mr Davies said It was now appro-priate for Land's property interests "to be structured in a similar way."

The move did not foreshadow any plan to dispose of the property interests, he said, and there were no plans to seek separate quotations for the three main operating areas.

Land has been in difficulties since the collapse of the Territory's property market two years ago. Property values have been virtually halved and the company has struggled to contain debts, which a month ago stood at HK\$14.2bn (US\$1.82bn).

Extraordinary items offset rise in profits at ANZ

Holdings, of the UK, which was acquired for £182m (US\$227.5m) goodwill arising from the cash on September 7, were all the ingo and Development finance ing sand Development finance September 30. However, after reviewing Grindlay's accounting policies and making a special transfer to the general provision of £80m, mainly in relation to sovereign risk exposures, there was an attributable loss at The final dividend is 15 cents

Cludes the write-off in full of the directors said the ingo directors and the increase in profit was due mainly to a substantial improvement in the parent bank's operations, a good result at its savings hank, and the inclusion of profits from Development Finance from Development Finance and the inclusion of profits from Development Finance from Development Finance correspond to a substantial improvement in the parent bank's operations, a good result at its savings hank, and the inclusion of profits from Development Finance correspond to a substantial improvement in the parent bank's operations, a good result at its savings hank, and the inclusion of profits from Development Finance correspond to a substantial improvement in the parent bank's operations, a good result at its savings hank, and the inclusion of profits and the inclusion of profits from Development Finance corrections. The Corporation of the parent bank's operations, a good result at its savings hank, and the inclusion of profits from Development Finance corrections. The protation for the inclusion of profits and the

AUSTRALIA AND NEW ZEA- Grindlays for the nine months a share, against 14 cents.

LAND BANKING GROUP of £52.1m. making 30 cents compared with

AUSTRALIA AND NEW ZEALAND BANKING GROUP
(ANZ), one of Australia's big
three private trading banks, sald that after extraordinary achieved a 35.9 per cent increase in net profit before extraordinary items for the year to
September, to A\$269m
(US\$105m), against A\$197.8m
Operating profit at Grindlays

Operating profit at Grindlays
Holdings, of the UK, which was
Cludes the write-off in 1984 inconviried for \$182m (U\$\$275.7m)

Conversed for \$182m (U\$\$275.7m)

First-half advance at Kyocera

KYOCERA, a leading ceramic sales of Y136.3bn. up 46.2 per account for 17.3 per ceot. and integrated circuit (IC) package cent. Net profits per share advanced sales of ceramic materials for vanced to Y106.37 from the six months to September, huoyed hy a sharp increase of sales of IC packages to office automation equipment manu-specific packages to office automation equipment manu-specific packages rose by 42.3 per cent to Y33.4bn, net profits are three-for-two split.

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tive ideas.

With brisk exports to the U.S. per cent to Y73.4bn, net profits soles of IC packages rose hy 39.1 per cent to Y33.4hn, 73.8 per cent to account for and sales by 30.3 per cent to 43.4 per cent to Y34.9hn (\$143.7m) and net profits by Electronic component sales to pay a dividend total of Y44 jumped by 66.1 per cent to per share.

banks act to cover loan losses

victim of the collapse of Esal, the London commodity dealer. Esal was declared hankrupt two weeks ago and MEB's total exposure to the dealer and its subsidiaries is now \$9.5m, say executives of the bank.

Although MEB's capital was boosted by \$13.8m to \$55m as recently as May this year, shareholders can apparently expect another approach for a further \$27m soon. Shareholders in the bank are the Futtaim family with 60 per cent, the Moslem Commercial Bank of Pekistan with 15 per cent and the remaining 25 per cent is in the hands of members of Duhei's ruling family together with leading local businessmen. businessmen.

ing concern. Agra Enterprises, has led to loan losses and the appointment by the Dubai government of a supervisory

per cent of these assets was beld in the form of shares in

HK facility for Security

HONG KONG—Security Pacific Hong Kong Holdings, a wholly-owned subsidiary of the Security

Group.
The six-year facility will be

Two Dubai

MIDDLE EAST BANK and Emirates National Bank both of Dubai, have announced changes in their senior manage ment and made major alterations to their financial structures in the expectation of

Meanwhile, for Emirates National Bank (ENB) the collapse of a Dubai-hased trad-

committee to run the bank.
Established in 1977, ENB had a capital of Dh 132m (\$36.6m) and total assets of Dh 1.1hn at the end of 1983, However, 16 held in the form of shares in the Bank of Oman — which is owned, as is ENB, by members of the Ghurair family. To cover loan losses ENB has now sold its stake in Bank of Oman within the family. It is not clear, however, whether the injection of these funds will be enough to cover the losses.

MEB bas announced the retirement of Dr Yaffar Bitar, its chief executive, and bls replacement by Mr Majld al Futtaim. This is the third change in the bank's senior management in two years. Although the Futtaim family is known locally to be one of the

Although the Futtaim family is known locally to be one of the better-off trading groups and will have little difficulty in meeting the call for further funds the same may not hold for other shareholders.

At ENB, the board has been reshuffled so as to include two more members of the Ghurair family and a number of Duhai merchants.

Pacific

Pacific National Bank of the U.S., has signed a HK\$ 500m (U.S.\$6im) bill of exchange facility with Paribas Asia and Security Pacfic Capital Markets

loan losses.

tomers. . . On March 11, 1930 a receiver was appointed of the hnyers under the terms of a debenture granted in favour of Lloyds Bank. They still owed Clough part of the purchase price, and bad 375 kilogrammes of the unused yarn on their premises.

entitled to retain title after deli-very until be was paid (66e 86c-tion 19(1)), and that was what Clough had done. It was owner of the yarn and there was no question of there being any

Rights under Romalpa clause not a registrable charge

CLOUGH MILL LIMITED V MARTIN Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice Oliver and Lord Justice

WHERE A condition of sale provides that the seller is to retain title in goods until paid in full, he remains owner until payment and his rights in the goods do not constitute a charge requiring registra-tion in order to be effective.

The Court of Appeal so held when allowing an appeal by Clough Mill Ltd. seller of yarn, from a decision of Judge O'Donogbue sitting as a High Court judge. He held that Clough was not entitled to damages for conversion of yarn supplied to huyers under a contract containing a retention of title clause ("Romaipa clause"), on the ground that Clough's rights in the yarn were those of a chargee and were votd for lack of registration es against the huyer's receiver, Mr Geoffrey Martin.

LORD JUSTICE ROBERT GOFF The Court of Appeal so held

LORD JUSTICE ROBERT GOFF said that Clough carried on business as a spinner of yarn. Between December 1979 and March 1980 it contracted to aupply yarn to the buyers, mannfacturers of fabric.

The contracts incorporated Clough's standard conditions. Condition 12 enlitted "passing of title," was a Romalpa clause. It provided, in its first sentence, that "ownership of the meterial aball remain with the seller, which reserves the right to dispose of the material until payment in full for all the material has been received... or until such time as the buyer sells the material to its cus-

used yarn on their premises.

Clough wrote to the receiver expressing its intention to repossess the yarn. His solicitors replied that the retention of title clause was invalid because it had not been registered. He then allowed the buyers to use the yarn in their manufacturing process.

security.

Mr Henry, for Clough, suhmitted that under the Sale of Goods
Act 1979 a seller was fully

Group.

The six-year facility will be available by way of one, two, three, or six months bills each having a face value of HK\$

500,000.

Reuter

Guestion of there being any charge in its favour.

Mr Blackhurne for the receiver submitted that if the first sentence of the condition were read literally. the buyers could only have had possession

Robert Goff): November 15.1984 of the yern in a fiduciary capacity, which was inconsistent with their power to sell or mix the

That was not accepted. There was nothing objectionable in an agreement under which an owner geve possession of goods to another, conferring on him a power of sale and a power to consume the goods in manufac-turing, while remaining owner until they were sold or con-

If that was what the parties had agreed should happen, there was no reason why the lew should not give effect to that

intention.

The difficulty with the condition was thet the retention of title applied until payment in full for all the material had been received by Clough. The effect was therefore that a soller might retain his title in material still held by the buyer, even if part of that material had been paid for.

Furthermore, if in such

part of that material had been paid for.

Furthermore, if in such circumstances the seller decided to exercise his rights and resell the material, questions could arise as to whether account must be taken of the part payment already received in deciding how much the seller should be entitled to sell; and whether, if he did resell, he was accountable to the buyer in respect of the part payment already received or in respect of any profit made on the resale.

The answer lay in giving effect to the condition in accordance with its terms. It provided that the seller retained his ownership in the material. He therefore remained owner, but, during the subsistence of the contract, could only exercise his powers as owner consistently

contract, could only exercise his powers as owner consistently with the express or implied terms of the contract. On that basis, he could only re-sell what was needed to discharge the balance of the ontstanding purchase price; and if he sold more, he was accountable to the buyer for the surplus.

for the surplus.

However, if the buyer repudiated the contract and the seller accepted the repudiation, the seller's rights as owner (including his right to sell the goods) would be uninhibited by any contractual restrictions. Any part of the numbers price hald would be uninhibited by any there was no reason why the law contractual contract. Its purpose was to provide the seller.

The condition 12 created a sawhole and in its contract all contract. Its purpose was to provide the seller.

The condition 12 created as a whole and in its contract all contract. Its purpose was to provide the seller.

The condition had to be constructed to sell the goods)

The condition 12 created as a whole and in its contractual context. Its purpose was to provide the seller.

The condition had to be constructed to seller to any set-off for damages for the buyer's repudiation.

If that approach was right, retained its title to the yarn.

The condition had to be constructed as a whole and in its contractual context. Its purpose was to provide the seller.

The condition had to be constructed to sell the goods)

The condition had to be constructed to seller.

The condition had to be constructed to seller to seller to dark to selleve to achieve the seller t

In re Bond Worth [1980] Ch 128, 248, Mr Justice Slade said that "any contract which, by way of security confers an interest in property must necessarily be regarded as creat-

g a mortgage or charge. ..." So far as the retention of title in unused material was con-cerned, there was no difficulty in cerned, there was no directify in distinguishing the present case from that envisaged by Mr. Justice Sixde, Under the first sentence of the condition, the buyer did not by way of security confer an interest in property. On the contrary, the seller retained the legal property in that material.

The last sentence of the con-

The last sentence of the condition provided that if any of the material was mixed with other goods, all seller's rights in the material shall extend to other goods." Mr. Blackburne submitted that the effect of that sentence was to confer on the seller an interest in the huyer's property, and so to create a charge.

In considering that sentence the court had to take account not only of the possibility that the buyer might have paid part of the price for the material, but also that he would have been the cost of manufacture of the new goods. The last sentence of the com-

the cost of manufacture of the new goods.

It could not have been the parties' intention that the seller would thereby gain the windfall of the full value of the new product, without any duty to account to the buyer for any surplus of the proceeds of sale. Although it did violence to the language of the sentence, it must be read as giving rise to a charge on the new goods in favour of the buyer.

The fact that violence must be The fact that violence must be done to the last sentence of the condition was not sufficient reason in Itself to do violence to the first sentence. The provision there was perfectly clear. The buyer did not in fact confer a charge on his goods in favour of the seller; on the contrary, the seller; on the contrary, the seller; on the contrary. The seller of the purpose of providing himself with security.

There was no good reason in law why a seller of goods should not adopt that course, and if the relevant contract term was effective to achieve that result, there was no reason why the law

The Economist EIU Special Report No. 174

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INTERNATIONAL COMPANIES and FINANCE

Slowdown in growth at Hewlett-Packard

BY PAUL TAYLOR IN NEW YORK

HEWLETT-PACKARD, the U.S. to the bottom line," said Mr West Coast electronics and computer group, reveals a 14 per cent increase in fourth quarter net earnings and a 27 per cent gain in full-year profits. The full-year figures exclude the favourable impact of a tax law change.

Net earnings for the latest quarter increased to \$167m or 65 cents a share, from \$147m or 57 cents a year ago on sales up 27 per cent from \$1.33bm to \$1.69bn.

The latest quarter benefited from a gain of \$11m or four cents a share resulting from a change in tax laws.

Fourth quarter orders of \$1.58bn were 23 per cent higher than in the same period last year with domestic orders increasing by 13 per cent to \$888m and international orders growing by 39 per cent to

"While shipments for the software group, with the quarter were strong, we were to increase the stake to not able to carry that strength cent within three years.

John Young, HP's president "Our results continue to reflect the extremely competi-tive environment in which HP is doing business. Discounts, aggressive foreign pricing to offset the effects of the strong dollar and the lower profit margins in some high-volume products account for the lower-than-expected earnings."

HP's full year net earnings increased by 54 per cent to \$665m or \$2.59 a share from \$432m or \$1.69 a share, after The results confirm Saint including § \$118m or 46 cents a share one-time gain from the tax change which relates to Domestic International Sale Corporations. Net sales for the year increased by 28 per cent to \$6.04bn.

 Control Data, the troubled diversified Minneapolis-based computer equipment maker, has acquired a 20 per cent equity stage in Comserv, a computer software group, with the option to increase the stake to 40 per

Rockwell and GEA to take ness, results were "very good" in the first balf while the paper sector also improved. still foreign currency translation losses) compared with negetive cash flow of FFr 279m over part of Creusot

BY OUR PARIS STAFF

ROCKWELL, the U.S. aerospace and engineering company and GEA the West German electrical and 100 redundancies.

The U.S. reven plant to invest engineering group, are to take-over the industrial operations based at Nantes in Western France of Creusot-Loire, the bankrupt French heavy enginbankrupt French heavy engineering concern.

The Paris commercial court part of the continuing piece-neal sale of Creusot-Loire meal sale of Creusot-Loire ankruptcy proceedings, has assets, with the French governin charge of the Creusot-Loire bankruptcy proceedings, has agreed to the disposal of the Nantes assets to the two foreign groups despite pressure from French Labour unions to find French buyers for these opera-

three years.
The latest transactions are

ment seeking to seve as many jobs as possible.

Jeumont-Schnelder, a subsidi-ary of the private Empain-Schneider industrial group like Rockwell will take over the printing equipment manufacturing operations of Creusot-Loire at Nantes, while GEA will acquire the Nantes boiler works.

The two deals will save 550

Paris to set up futures market for bond trading

icrirasc

manual #

transactions.

Bond trading so far this year has soared to an average of about FFr 26bn (\$2.9bn) a month against FFr 18bn in 1983 and FFr 13bn in 1982. New the result of issue volume this year could rise around another 20 per cent from last year's total of FFr 194bn, compared with only FFr 154bn in 1982

THE PARIS bounse plans next to allow traders to cover their for bond trading to improve the liquidity of a sector where trading volume has doubled over the past two years.

Under ideas put forward by the French stockbrokars association, in lialson with the Finence Ministry, a futures market could be operating by next autumn, allowing professional traders to hedge risks on bond transactions.

The need for new facilities to allow traders to ever their spot bond operations has been underlined by sharp fluctuations on the cepital market over the last two months. A sharp fall in yields fuelled by speculative buying from shorterm mutual funds came to a halt last week with a sudden drop in prices which was halted only by bond-buying intervention from the Caisse de Depots

French futures dealing looks certain to be a great deal less sophisticated and ective than that in the U.S. and London. None the less, the move reflects the gradual progress of innovation on the French financial markets. cial markets.

Tongaat-Hulett cuts payout and warns on full year BY JIM JONES IN JOHANNESBURG

TONGAAT-HULETT, the diversified South African sugar, food. building materials, textiles and aluminium products group suffered from increased competition and bigber interest costs in the half year ended September and warns of lower full year earnings.

turnover was R1.51bn and operating profit R158.7m.

The textiles division experienced extremely difficult trading conditions while the foods division suffered e considerable reduction in demand for animal feeds, the company says.

Building products were also affected by declining demand.

bas been cut to 14 cents from 19 cents a share. In the last financial year earnings totalled 118.5 cents and a total dividend of 53 cents as share was declared. The directors expect earnings to be about 80 cents a share in the current financial year.

First-half turnover rose to R921m (\$523m) from R769m while operating profit, before interest and tax, advanced to

R921m (\$523m) from R769m from R396m at the end of while operating profit, before interest and tax, advanced to R98.3m from R74.8m. In the year ended March 31, 1984, Africa'e largest mining house.

warns of lower full year earnings.

Half year earnings dropped to 40.1 cents a share from 53.6 cents and the interim dividend bas been cut to 14 cents from 19 cents a share.

In the last fearnings surrered e considerable reduction in demand for animal feeds, the company says.

Building products were also affected by declining demand.

But the sugar division expects e record barvest this year, as good coastal rains bave faller and a higher reduction in demand for animal feeds, the company says.

Building products were also affected by declining demand.

But the sugar division expects e record barvest this year, as good coastal rains bave faller and a higher reduction in demand for animal feeds, the company says.

U.S.\$15,000,000

THE FUJIKURA CABLE WORKS, LTD (Fujikura Densan Kebushiki Kaiehe) (Incorporated with limited liability in Japan) **GUARANTEED FLOATING RATE NOTES DUE-1987**



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November 20, 1984, London By: Citibank, N.A. (CSSI Dapt), Agent Bank

CITIBAN(

St Gobain 30% ahead at midterm

SAINT GOBAIN, the diversified state-owned French glass and steel pipes maker, boosted con-solideted net profits 30 per cent in the first six months of 1984 to FFr 299m (\$32.8m) from FFr 230m in the first six months of

Sales rose 8.2 per cent on a comparable basis to FFr 30.1bn, with 34 per cent of turnover in France, 15 per cent in exports from France and 51 per cent in

The results confirm Saint Gobain's progressive recovery after losses of FFr 592m, swollen by exceptional factors, in 1982. Last year the group made net industrial profits, before remaining exceptional losses caused by pulling out of the information technology business, of FFr 400m.

It said yesterday that the overail 1984 result should be improved from last year's level.

Investment rose slightly in the first balf to FFr 1.36bn from group also had a positive cash flow position of FFr 611m in period.

Packing and refractory busi-

Michelin past the worst but still in the red

money this year. But a series year. of major restructuring moves and a fundamental change in the way of doing business have already started pumping back some oxygen into old Bibendum the rotund rubber figure which has traditionally been the symbol of France's eccretive private tyre group—now the world's second largest tyre producer after Goodyear.

Michelin bad boped to break even this year after losing FFr 2.14bn (\$234.6m) last yeer and FFr 4.16bn in 1982. French analysts now expect Michelin to renort e deficit of about FFr 2.2bn this year, delaying by 12 months the group's return to the black. to the bleck.

However, some first balf figures reported by Michaelin at the weekend suggest that the slow recovery in the group's performance is continuing. First half sales of FFr 20,7hn were almost 8 per cent bigher than in the first half of last year and Michelin seid third questions are sales were sharply up on FFr 360m in provisions for pos-

The losses this year will reflect Michelin's decision to carry in its 1984 accounts the cost of its French lebour re-structuring programme involving early retirement for 5,000 workers. This is likely to produce a charge of ebout FFr 500m, which is similar to what Renault, the French stateowned car group, is expected to pay for its early retirement programme involving 5,000-6,000 people.

Heevy losses in the UK, where Michelin lost £10.85m (\$13.6m) in the first balf compared with a loss of under £1m in the same period the year before, will also bit the 1984 results. Moreover, Michelin is again expected to lose money in the U.S. where it has deployed major investments

Michelin has continued to be burdened by beavy debt charges which totalled more than FFr3bn last year. Despite its difficulties and the tough economic environment in which it operates, the group has conoperates, the group has con-tinued to invest heavily each year. Since 1976 FFr 15hn has heen speot on investments and Michelin continues to invest on resesrch and development an average of 5 per cent of turn-

Micbelin has just negotiated a FFr4bn loan from e group of French banks at a preferential interest rate to consolidate some of its short term borrowings into longer term debt.

In character with its legend-ary secrecy, Michelin, together with the French Government

Michelin's hopes of breaking even this year have been delayed by 12 months. But third quarter sales improved sbarply and a major restructuring and change in business philosophy suggest the worst is now behind the group. Paul Betts in Paris reports

and the banks, are disclosing aa little as possible on the restruc-turing of the tyre group's French operations. However, the programme is designed to enable Michelin finalty to earn money on its domestic market. But while Michelin has been

tackling its restructuring problems at bome (including layoffs, modernisation of plants, financlal support from the nationa-lised banking system) with its everage of 5 per cent of turn-customary discretion, it bes In the U.S., from an essentiver a yeer.

To ease its financial burdens, about its U.S. strategy which is its radial tyres, Michelin has

crucial for future growth.

Micbelin bes long boasted to
heve put America on radial Tyres. But it was slow to follow this up with new products. While it has managed to hold on to between 7.3-7.5 per cent of the U.S. market, its heavy North American investments (five plants in the U.S. and in Canada) have for the most part come on stream when the American car market entered a deep slump. Con-sequently Michelin's American plants will probably take six or seven years to break even

instead of the five years previously envisaged. Moreover, Michelin has made what amounts to a cultural revolution for the group by undertaking to follow more closely market development and demand. In the past, it has always been criticised for im-posing its products on the markel. In a rare declaration to the French magazine "La

Vie Francaise," in which Michetin has a smalt stake, M Francois Michelin, the tyre group's chairman, said last week: "Technology remains our best asset. This will enable us to renew our range more often than in the past as the market demands."

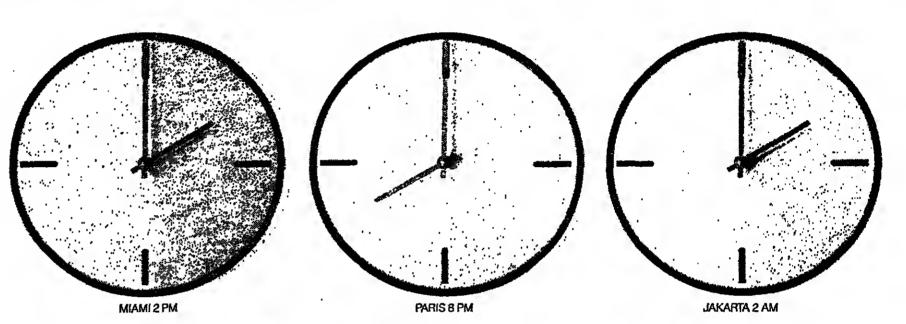
market demands."

already started offering a broader range of new products this year including an all-season tyre called XA4 to compete with Goodyear and a new "aporty" tyre called XGT. The fact that Michelin did not market an all-season tyre bemore this year meant that It was depriving itself of about 25 per cent of the U.S. market. It also made it even more difficult for Michelin to penetrate the General Motors market, since the number one Detroit car maker had long opted for ell-season tyres. Now with its XA4, Michelin has gained 3.5 per cent of GM's original tyre

Michelin has also been making money in the U.S. truck tyre market where it has a share of more than 45 per cent com-pared with 25 per cent for Goodyear.

A new tyre, drawn from the MVX, which is successful in Europe, is to be launched on the U.S. market in January to strengthen Michelin's basic radial tyre product.

the French operations has been taking longer than Michelin had hoped, this programme, coupled with other changes in market-ing and products approach, has given the privately-held company reason to feel that the



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Increased client list

gives Ivory & Sime

AN INCREASE of 10 per cent in specialising in certain market pre-tax profits in the six months sectors, such as oil and technoto October 31, 1884 is reported by the Edinburgh-based investment what sour ever the current management company, Ivory & what sour ever the current interim for U.S. technology

Sime. The figure improved from 1986,000 to fil.06m.

The increase in profits reflects fallen by 30-40 per cent over the the growth in the number of clients, while the neerall effect drop in fund values has has a corresponding effect no management form the consequent form the corresponding effect no management for U.S. technology to the corresponding to

what sour over the current interim for U.S. technology

corresponding effect no management fees but everall group income has been held up by other favourable factors over the period—the strong UK market, the strength of the dullar against the strength of the dullar strength of the dullar against the strength of the dullar strengt

interim profit rise

Final countdown begins for British Telecom share sale

THE Final countdown bas begun in the offer for sale of 31 86bn, has already been placed 31 1985. The proforma figures show with institutions.

Investors may opt for £18 telephone hill vouchers or a one for over 5m full and abridged ten share bonus for certain levels of share nurchases. The number of \$1.50 nm. The market eapitalisation of \$1.50 nm. The market eapitali

mon November 28. given with purchases of 2,400 The minimum investment is shares or more. 280 for 200 shares. Each share purchased is payable as to 50p immediately, with two further instalments of 40p due on June who sell their shares before such

ten share bonus for certain levels of share purchases. The number prospectuses.

Prospective investors bave eight days to complete and submit their applications for shares before the offer closes at 10.00 a mon November 200 and 399 shares up to a maximum of 12 vouchers given with purchases of 2,400 shares or more.

24. 1985 and April 9 1986. dates lose the bonus and it is
There are no dealing costs if
you huy shares in the offer— quent owner.

Total investment	Peyable now	Shares applied fo
£	£	
260	100	200
520	200	400
1,040	400	880
1,560	600	1,200
2,080	800	7,600
3,120	1,200	2,400
4,160	1,600	3,200
5,200	2,000	4,000

S. R. Gent forecasts a

disappointing first half

brokers will receive a 2 per cent rokers will receive a 2 per cent ommission on sales from the Government have recommended overnment.

Government have recommended on price for BT shares which they Government
The Government is offering
\$0.2 per cent of the equity of
British Telecom to outsida
investors, which will raise just
under f4hn at the 130p offer

price.
Of the shares on offer the UK
public and BT employees will
be offered 1.17m shares (39 per
cent) worth £1.52bn. A further
14 per cent will be offered in
the U.S., Canada and Japan—the

At the annoal meeting, Mr S. M. Marks, the chairman of

S. R. Gent, warned shareholders that the results for the six months to end-December would be disappointing.

However, despite continued pressure on margins he said prospects for the second balf

were better and that a recovery should be made. As far as the

directors were aware, there was

1984-85 should not be maintained at 3p. They anticipated paying a same-again interim of 1p in

no reason why the dividend for

The financial advisers to the n price for BT snares which they say puts it somewhere between a utility stock with a good inrome and a growth stock where in-vestors should be able to look forward to a reasonable enhance-mant in the capital value of the

stock The prospectus provides a pro-forma balance sheet, calculeting figures assuming that the new capital structure of the company had been in place for the two

The group, based in south

Yorkshire, manufactures ladies' and children's clothing. Its main customer is Marks and Spencer.

Mr Marks said that continued warm weather bad adversely influenced High Street trading and affected seasonal ranges.

This, be pointed out, would be reflected in the first half results.

The "considerable" costs of moving the group's design centre

to London last month would also be reflected in the results.

So far in the current year group sales in the UK were showing an improvement of 8

year. The market eapitalisation of BT at the offer price per share is £7.8bn and the prospective p/e on forecast earnings per share of 13.9p is 9.35 times. The prospective yield of 7.14 per cent is hased on assumed net dividends of 6.5p per share.

The utility side of the BT business is in the provision of local, netional and intecoational telephone services to its customers. It will be restricted in the rate at which it can increase charge to customers to no more than 3 to customers to no more than 3 percentage points less than the Retail Price Index.

BT sees growth potential in developing and expanding the equipment and services it supplies including data, text facsimile rommunications. It spent nearly £180m on research and development last year and

and development last year and expects to expand overseas through acquisitions or joint comment

Many of the traditional rules of the game governing new issues have been broken for the offer for sale of 50.2 per cent of the cquity of BT hy the Government, the largest inilial public offering ever made.

The £8m advertising campaign, the generous 2 per cent dealing the generous 2 per cent dealing commission and the attractive bonus of shares or telephone hill bonus of shares or telephone hill vouchers has sweetened the issue to a most pelatable conroction. The question has been not—" should I buy at all?" but rather " What is the optimum number of shares to get in my particular circumstances and for how long abould I hold them?" First-time investore chould

should



Sir George Jefferson, chairman of British Telecom

keep in mind a traditional cautious yardstick that no more than 10 per cent of their "liquid." assets (which might include unit trusts and huilding society savings accounts) should be invested in a single stock. And if all the publicity has



aroused their interest in invest-ing in stocks and shares they might consider wbether the purchase of shares in BT might be combined with other shares to spread the risk.

The yield on BT at 7.1 per cent is attractive. Likely share price movements are much barder to predict. The price could be quite volallle given the partly-paid structure of the offer and the number of significant dates. when dividend payments,

telephone hill vouchers or share

Few people are looking heyond the period of "free gifts" after which ET shares will have to stand unadorned. By then, the company will have had a couple of years to demonstrate its future shape and strategy and to indicate whether it can develop more of a "hi-tech" image.

Kleinwort Benson, advisers to the Government, expect the offer for sale to be oversubscribed so applications may be scaled down. Small investors, bowever, are expected to be favoured in the allocation.

Anyone tempted to submit multiple applications should remember that the Government could cash all cheques, which caused quite an uproar in the Jaguar share offer, and that stockhookers have heen strictly forbidden to bandle them. Only one telephone bill voucher is allowed per house-hold, so families could submit more than one application per member—and get voucbers and the share honus.

Hambros sheds U.S. oil and gas loss maker

By David Lascelles

AFTER more than s year of negotiations, Hambros has found a buyer for its loss-making nil and gas venture in the U.S., hringing nearer to a close a sorry chapter in the merchant bank's recent history.

The bank announced yesterday that InterNorth, s Nebraska based energy company, is to acquire Hambro Gas & Oil (HGO) in which Hambros has a 59 per cent stake. Under the terms, InterNorth is to pay only S5m for the company, but will assume \$39m of HGO's bank

Hamhoos' sbare of the pro-ceeds is \$3m. But it will also be relieved of some \$25m of HGO's loans which it carries on its books.

Hambros entered the U.S. oil Hambros entered the U.S. oil and gas husiness in 1981, but sustained heavy losses and was obliged to write £18.9m off agsinst them last year. Its share of HGO's operating losses for this year since April is about \$2m. However, Hambros estimates that taking into account the provisions already made there will be no after-tax loss there will be no after-tax loss

HGO's other shareholders are a number of smaller investors, including Mills & Allen, the UK financial services group.

InterNorth was Hsmhros' partner in many of its U.S. energy ventures which were mainly in the Anadarko Basin and Williston regions of the southern U.S., around Oklahoma.

The deal means that Hambros The deal means that Hambros has now shed nearly all of the problems that seriously damaged promems that seriously damaged its reputation in the early 1980's. The bank also found buyers for five of the seven tankers it found on its hands as n result of the Reksten Norwegian shipping affair, and is hoping to sell the remaining two.

Access Satellite allocations

Applications received at or above the Access Satellite strik-ing price of 160p represented over 21 times the number of shares on offer.

Preferential applications received from employees have been allocated in full while preferential applications from existing shares have been allocated as to the maximum 150,000 cated as to the maximum 150,000 at ore shove the striking price pro rate to the number of shares

pro rata to the number of shares spelled for.

The remaining applications, including the balance from existing shareholders, bave heed allocated on the following basis:

Up to 1,000 shares—100 per cent of amount applied for, between 1,000 and 5,000 shares—annovement of the cent of amount applied for an annovement of the cent of approximately 60 per cent o amount applied for with a minimum of 1,000 shares; between 20,000 shares approxi mately 44 per cent of amount applied for with a minimum of 3,000 shares over 20,000 shares approximately 32 per cent of amount applied for with a minimum of 9,000 sbares.

It is expected that letters of

screptance together with cheques for surplus application monies in respect of successful applica-tions will be despatched on November 22.

NMC Investments

Pre-tax profis of NMC Invest-maots fell from £71,065 to £56,430 in tha half year to Sep-tember 30, 1984. Turnover improved by £130,465 to £1.77m

Concentric deriving first rewards from new ventures SECOND half pre-tax profits of Concentric. Yet a mere a

Concentric, controls and assemblies manufacturer, improved slightly from £856,000 to £884,000 and lifted tha full figures to £1.62m for the 12 months ended September 30 1994, against

agement fees has generally been neutral.

Turnover at the interim stage was nearly 7 per cont higher than the corresponding period last year at \$2.55m, against \$2.39m.

Frofit from the main company rose only marginally from £1.02m to £1.04m. However, the subsidiary Ivory and Sime (Oil and Gas) contributed £40,000 against £13.000 last time.

A lower tax charge resulted in after-tax profits improving 20 per cent from £531,000 to £638,000, with the eardings available to ordinary shareholders rising 28 per cent from £383,000 to £490,000, following £125,000 amortisation of goodwill.

Earnings per share rose to 2.52p, compared with 2.08p, before amortisation, or from 1.57p to 2p after the same. The company does not pay a dividend at the Interim stage.

September 30 1332 tegens.

Sales totalled £51.46m, compared with £44.17m last time—
in the U.S. this figure reached
s record £3m—and directors say
the group is now deriving the
first rewards of penetration into
new fields. They state that an encouraging start has been mada in the current year. In their interim report the directors said that while they were increasingly confident about the future, they still helieved that the market would

show signa of fragility for some time
After 12 months tax of
£422,000, against £365,000, earnings emerged ahead at £1.2m
The dividend is stepped up
from 3.31p to 3.49p with an
increased final payment of 2.21p
(2.1p). The dividend is stepped up from 3.31p to 3.49p with an increased finel payment of 2.21p (2.1p).

Comment Table 1 payment of 2.21p and 1 payment of 2.21p and 2.2 after a 28-per cent tax charge. That fairly discounts Concentric's prospects, but the 8.7 per cent yeld makes even British Telecomb looks lika sterling stuff from look parsimonious.

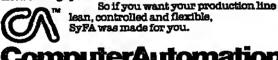
period—the strong UN market, the strength of the dollar against sterling, and an increase in the number of clients, particularly the expansion into UK pension funds. U.S. technology stocks spear to have bottomed out so the decline is at least haked. The company is also finding more U.S. interest in hiring overseas investment managers, though competition is keen. Developments in the investment trust sector augur well for the group with trusts under its management thiting the acquisition trait. But the immediate increase in earnings will come from the group is already seeing the benefits of the tax changes. It is this factor, more than growth prespects, which saw the share price improve 7p to 65p giving a p/s of 13 on expected earnings Somment a p/a of 13 on expected earnings ivery and Sime has performed of 50 (before amortisation) for well over the past decade by tha full year. cent rise in the second helf points to a spanner in the works in the shape of Norton Aluminium, where a complete loss of managerial control led to an unspecified loss—not to be repeated this time, the group confidently asserts. The dominant pumps and industrial controls pumps and industrial controls divisions are cruising along safely, continuing to secure volume increases on the back of Concentric's quality reputation, aven if prices are generally tight. Less cyclical earnings should flow from newly developed peripheral activities like precision robotics and computer services, parts of the group's drift away from supplying original equipmant, manufacturers towards endusers. Its preference for self-

mant manufacturers towards end-users. Its preference for self-grown diversifications rather than paying over the odds for "high-tech" sequisitions means profits growth should be stately but sustainable. Around £2m pre-

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Hardanger Properties ahead at £2.03m and 'very optimistic'

established by Hardanger Properties in the opening six months continued through the second balf and enabled the group to lift its results for the full year to September 30 1984

Prospects for the current year are described as encouraging and the directors view the future "very optimistically."

Pre-tax profits for the year improved from £1.53m to £2.03m improved from £1.53m to £2.03m on a turnover of £7.45m, compared with £6.65m. The final dividend is being held at 7p for a same-again net total of 8.8p. During the period the group continued its policy of developing prime retail locations for sale to institutions.

It acquired the former premises of F. W. Woolworth at

Linthorpe Road, Middlesbrough, which was sub-divided and refurbished and let to multiple tenants. The completed develop-ment was sold to the British Rail Pension Fund.

Pension Fund.

In addition, Hardanger sold its development at St. Sepulchre Gste, Doncaster, and Newport Road, Middleshrough.

The residential subsidiary, Keyshire Builders, has completed its developments at Pedmore near Stourbridge and Stratford.

Upon Avon and continues to sequire and develop suitable sites for high-quality bousing.

Mr Derek Coombs, the chairman, says the policy of acquiring selective prime shopping development opportunities will continue. He hopes that strategic acquisitions will become progressively larger as the group expands.

£360,000 (£723,000) to leave the net balance £859,000 ahead at £1.67m. Although the dividend is unchanged the conversion of the non - participating convertible sbares into ordinaries raised the cost of the dividend from £196,000 to £519,000.

£196,000 to £519,000.

Earnings per 10p share emerged at 31.470, compared with a previous 15.26p.

In his interim statement last May (pre-lax profits were £136,000 higher at £305,000) Mr Coombs said that alfhough-the first half was not always reflective of the year as a whole the tive of the year as a whole the profit trend was "clearly established."

Hardanger's shares are traded in the Unlisted Securities

Forshaws' investment pays off

THE FRUITS of Forshaws' Burtonwood Brewery's heavy investment programme in improving its houses and acquiring new outlets, are showing clearly in the improvement in turnover and profit.

After finishing the year to the end of March with profits down from £2.79m to £2.05m, the company now reports an incresse from £1.23m to £1.41m in the 26

than last year's, will be recommended in the light of the full between the light of the full between the full by year's accounts. Stated earnings later forced to increase its offer to 250p a sbare, which valued Border at £13.4m.

Forshaws did not peoceed with lits bid after Border announced that it there is no worsening of the economic climate, the upward that lt had reached agreement on a shut-out deal with Marston, Thompson & Eversbed, a hrewery based in Burton-on-Trent.

A few weeks later, Forshaws

pany now reports an incresse from £1.23m to £1.41m in the 26 from £1.23m to £1.41m in the 26
weeks to September 29 1984.
Tha interim dividend is unchanged at 2.5p—last year a total of 9.085p net was paid. The final dividend, which will not be less

Turnover of this Warrington—
hased in Burton-on-Trent.

A few weeks later, Forshaws met officials from the Office of to £12.83m. The tax charge was little changed at £633,000 compared with £639,000.

In March, Forshaws mada a shout the course of events.

half of the year.
Turnover of this Warrington-

the company manufactures fibre board cootainers and manages an investment portfollo. Nat asset value per 12½p share improved by 1.3p to 17.5p.

Winding-up orders against 199 companies

COMPULSORY winding up orders against 199 companies were made in the High Court. They were:
Couchmead Communications, Malgrove, Bray Studios (GDC), Industrial Technical Automotive

Company, Dovaridge, Tristar Plant Hire. Rice Brothers (Avonmouth),

Rice Brothers (Avonmouth),
Cookmate, Candawell, Freighters
Transport, Architekton Metalwork, Construzioni Elettromeccaniche Novaresi (UK),
Graham Brabner Amusements,
H. Butcher (Northers), Trident Engraving Co, Derby Tools,
Skeetgate, East West (Export
Import), Gravesend Nucleonics,
Thoroughhred Video Services,
Daniel's Car Accessories (Mail
Order) Company, Travel Company, Travel

Order) Company, Traver
Mondial.
Conacre, Witney Construction,
Atkinsons Wharfage Company,
East gate Publications, Mayrich
(Services), Rainbow Body Repair
Centres, Fine Wine Imports,
Silver Bay, Boulow, W. Driver,
Quaymime, World Protein Production,
Imperial Container

Storage.
R. Mitchell and Company (Engineers), Intermarket International Management Consultants, Hawkstar, Swiss Cottage Restaurant, M. S. S. Computer and Business Consultancy, Galicia Wine.

S. N. Fashions (London), Tock-bond, Fastcraft, London Photo, Carltonbond, Keenhridga, Del-

ronne.
Wendtborpe, Centrum Marketlng, McNulty's Interchange, Calcox |The Central), Crosley House
Ventilallon, Marteens Lelsure
(Sittinghourne), Serravols. LADBROKE INDEX

> Based on FT Index 913-917 (+3)

Fresko Carpets, Ex-Sell Home Extensions, Middleton & Co (Contractors), Akseam, Charlsma Restaurant, Mes Amis, Diagem.
Kings Norton Factors, Goodwin Films, Vogue Storefitters, Brunel Motor Bodies, Media Management Services, Hardel Home Improvements.

Pauline (Ilford), D. C. M. Fruit Importers (Sales), Alvis Fruit Importers (Sales), Alvis Fruit Importers (Sales), Alvis Fruit Page 19 Commits (East Aprila) Link.

Cargo Air Traders, Bibi Mag. M& L Roofing, Govorest Estates, MD Consolldsted Enterprises, Pelema, Jet America.

Sortborough, PJA (Professional Services), Moor Services (Manpower Contractors). Gardon Fruit Importers (Sales), Alvis Manufacturing Co.

Revelocourt Zinc, Yorkshire

Pauline (Ilford), D. C. M.
Fruit Importers (Sales), Aivis
Engineering, Bacoecre, B. S. N.
(Insurance Services), Cedar
Transport Gcoup.
Events, Geoff Mitchell International, Guardian Protection,
Preenplan, Glanmark Builders,
Leobeech, Premier Manufacturlng UK.

sumer Ms
Manufactur
Manufactur
Co. Horizan
A Lodder
Brencede.
Salligan,
Consultant
Developme

Copy Consultants (Western). Remprint, Riocraft, C. T. Morris (Joinery), Peterborough Timber and Trading Co, Cowlard Group,

The Welghouse.

Petmeats, The May Garlend
Inn, Causefame. Willis and
Blakes, Yelp, Abbotswood Press, Herontree. Lexham Garage, Gayatry. D & K Meats Warrington, Prestige Carpet Contracts, Hawk Lifting

Services, Pinegam, PFG Slone Fixers, Cliva Hersham. Services, Silesia Import & Export

Computas (East Anglla), Link-firm. The Handsford Cleaning Co, Horizon Trading Company, A Lodder Building Services,

Salligan, Tamar Engineering Ignition Services, Occasion Consultants, Top Major, Westow Developments, Townpride, M. J. Ital Decor.

Revelocourt Zinc, Yorkshire Mest Packers, G. J. Lihou Invest-

ments and Securities, Pan Litho Pan Communications, Beechcraft Furniture.

Decor.

A compulsory winding np order made on October 15 and Son, Traditional Building and Sons (Enfield), Brinlock (Distribution).

Ray Holland Farm Equipment, Tel Vista Studios, Age of Enlightenment Company, Sevensystems, Esha Knitwear, Lance-grove.

Copy Consultants (Western Rouge, Moldline, Cranhrook Trailers, Dorcbester Cars, A compulsory winding np order made on October 26, with leave to amend in the company's new name, Partcourt Bearing Co.

A compulsory winding np order made on October 26, with leave to amend in the company's new name, Partcourt Bearing Co.

A compulsory order made on October 22 against Hersbelle was name, Partcourt Bearing Co.

A compulsory order made on October 22 against Hersbelle was name, Partcourt Bearing Co.

A compulsory order made on October 22 against Hersbelle was name, Partcourt Bearing Co.

A compulsory winding np order made on Overber 22, with leave to amend in the petition adjourned until December 3, with leave to amend in the Company and December 3, with leave to amend in the Company and December 3, with leave to amend in the Company amend in t Cled Contracts, FYT.

Direct, Fotoclark (UK), Penwood Motors, David R. Sparrow, With leave to amend it to Fashion Ltd.

An order made on October 29 against Guideway Publishing was rescinded and the petition dismissed by consent.

DIVIDENDS ANNOUNCED

Current of sponding for payment payment div. year Concentric 2.21 ___ 2.7 3.48 Sealaproof, B & R (Roofing Dividends shown pence per share net except where otherwise stated.

Sparrowpoint, Deniz Travel.

Clareton Paul (London), Higgins & Cattle, Midland Travel.

Line Siles is Import & Format Sparrowpoint Deniz Travel.

Line Siles is Import & Format Sparrowpoint Deniz Travel.

Unquoted stock.

BASE LENDING RATES

Granville & Co. Limited

27/28 Lovat Lane London EC3R 8EB

Over-the-Counter Market

						T USAN		CUR:
Mich		Company	Prien	Change	div./p)	%_	Actual	teve
142	120	Ass. 6rk. Ind. Drd	135	- 7	5.3	4.0	7.9	101
168	117	Ass. Brit. Ind. CULS		=				
78	52	Almondon Group	60			6.9		_
42		Airsprung Group	52	. — .	6.4		5.7 :	6.9
	21	Armitage & Rhodes	41	-	2.8	7.0	5.1	. 8.5
132	57	Berdon Hill	123		3.4	2.8		20.6
58	42	Bray Technologies	44		3.5		5 7	
201	173	CCL Ordinery	174			3.0	9.1	4.4
152	117	CCI Man Come			12.0			=
765		CCL 11pc Conv. Pref.	718	-	15.7	19.3	_	-
	100	Carborundum Abrasives	765	+ 6	5.7	0.7		
249	92	Cindica Group	. 97		• •	-		· · ·
73	45	Osborsh Services	69	. –				
240	73	Frank Horsell	240	_	8.5	9.4		
208		Frank Horsell	240			-	9.B	12.8
200	197	Frank Horsell Pr.Ord.87		_	9.8	4.8	8.3	10.8
69	25	Frederick Parker	27		4.9	18.0		_
46	32	George Bielr	AR	``			3.1	6.2
80	35	ind. Precision Castings	35	- 2				
218	200	inia Orana	-30	- 2	2.7	7,7	9.6.	10.4
124		lais Group	AU 0 .	.— .	15.0 .		7.9	14.4
	67	Jackson Group	109×0	·	4.9	4.5	5.0.	9.6
277	213	James Burrough	277	4.9		4.9		

Cullen's attracts ex-Asda chief

A SECOND consortium emerged yesterday as a possible rival hed "institutional support for the outcome of any hid battel. two other men into St Paul's, of Although he resigned from which last week agreed to a More than half of the St Paul's he is believed to speak for about The non-executive chairman which last week agreed to a More than half of the St Paul's 18.6m offer from three former stake in Cullen's was acquired

stake in Cullen's was acquired to meet the stake in Cullen's was acquired on Friday after agreement was amounced between tha Cullen's Matthews team today, and the samounced between the Cullen's Matthews team today, and the samounced between the Cullen's Matthews team today, and the samounced between the Cullen's was acquired Dairies and managing director of the Associated Dairies and managing director of the Associated The Matthews, who resigned from Imperial Group last week and was backed by fim of institutional finance. The hid had won irrevocable undertakings to accept covering only 21.4 per cent of Cullen's voting equity.

Mr Fletcher would not he add talks with him recently. Mr Fletcher would not he accept covering only 21.4 per fletcher side is nndarstood to have had talks with him recently. Mr Fletcher would not he add talks with him recently. Mr Fletcher would not he accept covering only 21.4 per fletcher side is nndarstood to have had talks with him recently. Mr Fletcher would not he accept covering only 21.4 per fletcher side is nndarstood to have had talks with him recently. Mr Fletcher would not he accept covering only 21.4 per fletcher side is nndarstood to have had talks with him recently. Mr Fletcher would not he accept covering only 21.4 per fletcher side is nndarstood to have had talks with him recently. Mr Fletcher would not he drawn yesterday on his immediate in the collen's voting equity. Mr Fletcher would not he accept covering only 21.4 per fletcher side is nndarstood to have had talks with him recently. Mr Fletcher would not he accept covering only 21.4 per fletcher side is nndarstood to have had talks with him recently. Mr Fletcher would be accept covering only 21.4 per fletcher side is nndarstood to have had talks with him recently. Mr Fletcher would be accept covering only 21.4 per fletcher side is nndarstood to have had talks with him recently. Mr Fletcher would be accept covering only 21.4 per fletcher side is nndarstood to have had talks with him recently. Mr Fletcher would be accep

he is believed to speak for about 22 per cent of the voting equity.

The non-executive chairman is Mr Hugh Bidwell, chairman of a Gill and Duffus subsidiary. He sold bis company, Pearce Duff, a manufacturer of cornflour, custard and baking powder, to Gili and Duffus earlier this year. Mr Don Ridgway, who retired

from the Associated Dalries board in April, is a non-executiva director of the new company. Cullen's voting shares rose 25p yesterday to 435p, well above the Mstthews ream's offer price of 375p. The non-voting A shares rose 25p to 325p, against the Metthewa hid of 275p.

Booker in £23m agribusiness expansion

BY ALEXANDER NICOLL

In a letter to sharebolders cultural asking permission for the trans-actions, Mr. Michael Caine, Booker's chairman, also sought authority to spend up to £7m on several further deals, including an investment in convenience

Booker, an agribusiness, bealth products and food distribution group, bas been restructuring itself with a series of acquisitsians and disposals. Its largest shareholder—with 19.9 per cent—is Dae Corporation, whose £232m hid for Bookar was referred to the Monopolies Com-

Booker McConnell is to pay £23m Agrisort, a UK-based company on an expansion of its agribusiness interests, buying a UK-based Gunson, which breeds, produces and markets agricultural disconnections of the control of t seed breeding and sorting equip-men company, and raising its bolding in a U.S. bolding com-pany, Ibec, from 80 to 90 per cent.

Which offers, pro-duces and markets agricultural and borticoltural seeds, and Sortex, which claims to have over 40 per cent of the world market for opto-electronic agricultural aorting equipment. Agrisort's main shareholders are the Balint family.
Mr David Turner, Booker finance director, said: "We see

sorter as a company with real growth potential." Its equipment, now used on products such as rica, coffee and peanuts, can be extended to cover other types of food be said.

Hinrst Gunson markets spring barley, pea and other seeds, and has a research unit in Essex It

acquisitsims and disposals. Its largest shareholder—with 19.9 per cent—is Dae Corporation, whose £232m hid for Bookar was referred to the Monopolies Commission in June.

The largest transaction announced yesterday was the planned purchase for £17.3m of property leases at a cost of the largest transaction announced yesterday was the planned purchase for £17.3m of property leases at a cost of the largest transaction announced yesterday was the planned purchase for £17.3m of the largest unit in Essex. It has a research unit in Essex It has



Mr Michael Caine, chairmn and chief executive of Booker McConnell

£1.25m would save £750,000 annually.
In the transaction.

Booker is acquiring a 10 per cent ctake in Ibec, the U.S. bolding company for its agribusiness interests, from the Rockefeller family for U.S.S.7.4m (£5.7m). Booker previously had an option to take its 80 per cent holding to 90 per cent in June 1985, and to 100 per cent hy 1987. Its new agreement with the Rockefeller accelerates that first step but delays the second

to continue to grow by at least 40 per cent.
On the retailing front, Booker recently hought nine Joho Quality convenience stores from BAT Stores. It is understood to be negotiating e franchising deal with Sperrings, the Southampton-based convenience store obtains in which the nine.

first step, but delays the second until 1990 at the earliest.

Pre-tax profits of Ibec in 1983 were £9m, and Booker said profits of the agricultural businesses in 1984 are expected to continue to grow by at least to continue to grow by at least

store chain, in which the nine stores and some of Booker's Budgen and Bishop stores would take the Sperrings name.

Channel Hotels holds 20% of Leisuretime

bas been increased by 5 per cem to 19.99 per ceot.

Channel Hotels headed by property developer, Mr David Kirch is uoderstood to have acquired the Leisuretime stake held formerly by Kennedy Brookes, the restaurant group linked with Arthur Cuinocss jo the Trocadero development.

Kennedy Brookes had a 7.9 per kennedy Brookes had a 7.8 per cent interest and its chairman, Mr Michael Golder and two other directors were to have joined the board. The stake was sold and the board proposals were dropped, bowever, when Lelsure-time sold one of its principal UK assets, the Old Swao Hotel in Harrogale.

Leisuretime last yesr acquired Repose Hotels in Jersey which has long-standing connections with Leisuretime's other recent purchese, Preston Travel. 10ur operator.

Mr Kirch acquired control of Mr Kirch acquired control of Channel Hotels in May this year and bid a month later for Doller Land Holdings, the North American property group traded for many years on a matched bargain basis under rule 163 (2) of the London Stock Exchange.

Whittington Eng.

Pre-tax peofits of Whittington Engioeering Company rose by £3,000 to £17,000 in the half yeer to September 30 1984. Earnings per 25p share were shown as improving by 0.24p to 0.81p and a same-again interim divideod of 1.4p net is being paid. Turnover advanced from £597,000 to MINING NEWS

Echo Bay's gold profits well ahead at nine months

BY KENNETH MARSTON, MINING EDITOR

EARNINGS of Canada's goldproducing Echo Bay Mines continue to make a good showing. Although they eased a little in the third quarter to CS5.7m (£3.4m), the total for the first nine mooths of the yeer is brought to CS17.1m, or 45 cents per sbare, compared with only CS5.2m in the same period of

A half-yearly dividend of ficents is declared, payable on December 31. The company's Lupin mine, south of the Arctic Circle to the Northwest Territories, produced 48,395 oz of gold in the third quarter and sold 46,480 oz at en

average price of \$370 per oz. Cash breakeven costs, before finance charges, equalled \$194 production rose

Cold production rose by 6,164 oz in the quarter thanks to an iocrease in the ore tonnoge milled and an improvement in the ore grade 10 0.358 oz (11 grammes) per ton. In order to support the higher production rate the Lupin shaft is to be deepened from 1,210 ft to about 1,200 ft at a past of C516m 2,600 ft at a cost of CS1fim. In August Echo Bay paid

Dome \$6m loss

year there was a net profit of C836.8m.

Interime.—A. F. Bulgin. Chapman Indulating, Gertmore American Securities. H.A.T., C. E. Heath, Mariborough Property, Mercury Securities Motal Box, Readicul International, Young and Co's Biewery. Finate:—Akrayd and Smithers, Olglome, New Court Trust, Northers, American Trust, Union Steel Corpora-tion (of South Atrica). United Computer & Test State S FUTURE DATES

BOARD MEETINGS

CS15m for the royalty interest in Thereafter the rate would have the mine's gold revenue that was held by Inco and Dome Mines. The company has now agreed to buy out the remaining royally interest held by IU lotecoational for \$4.2m (£3.4m).

ration to CSt0 per or, initation indexed, for the life of the mine which is now coosiderably greater than was earlier expected.

Final results of the company's

1984 exploration programme are due shortly. Encouraging drill values already obtained at the Kim claims, at Indin Lake, about It is pointed out that payment of the 1U royelty would have started in 1987 at a rate of C\$20 per oz of gold produced, continuing at this level until 1U had recovered C\$2.5in plus an 18 per cent compounded return,

Asbestos Corp. shuts plant

solution as temporary in 1981 by General Dynamics of the view of an expected decline in 2015, molliballied high cost operations in Northern Quebec a year unable to say when production ago and sold a null at Nordenwould resume but said that the would resume but said that the

despite recovery

DESPITE A return 10 profit in the third quarter, Canada's bome Mines continues to find the going hard. The third quarter net profit of C34.87m [£2.94m] compares with C811.6m in the same period of last year and reduces the loss for the first nine months of 1984 to C35.96m. In the first nine months of 1984 to C35.96m. In the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduces the loss for the first nine months of last year and reduced the shutdown as "lemporary" in nonths of this year, Production has latten to 133,000 tonnes. The directors described the controlled by the Quebec toverment, has some orders for next year. Asbestos Curporation suffered a lass of C512in t£7.2m) on sales a lass of C520.8m. In the first reduces the loss for the first reduced the profit of the material, has indefinitely suspected activities at lass of C520.8m. Asbestos Curporation some orders for next year. Asbestos Corporation some orders for next year. Asbestos Corporation some orders for next year. Asbestos C520.8m. In the first radio in the first radio in the first radio in the first

BIDS AND DEALS IN BRIEF

The Equitable Life Assurance ociety bolds a total of 625,000 ordinary shares in Murray Ven-tures. This represents 6.02 per cent of the issued capital.

The United Kingdom Temperance and General Provident March 31 1984 were £325,000 Institution has acquired 200,000 (after the £250,000 loan due to ordinary shares in Brown Shipley Holdings making their land contribuled £14,608 pre-tax holding 480,000 ordinary (10,33 profit to Rexmore.

Fig. Investments has increased its holding in Onves Priper Min to 10.5 per cent of the capital. The discretionary investment interest of the Morgan Bank in Telephone Rentals bas been advised as 5.76 per cent of the

issued ordinary capital. Rexmore has sold its curtains and roller blinds subsidiary, House of Friedland, to Richmond Group for soma £440,000. This is another step towards concentrating resources and energies into its traditional trading activities. Total consideration will be based on net assets of Fried-land as at January 7 1985 and will amount to total of net assets

been repaid by Friedlands to Rexmore.

Net assets of Friedland as at

Lemmons Group, now a sub-sidiary of Dee Corporation, has sold 15 off-licemest 75: 75168 national Distillers and Vintners (IDV) for a cash sum of £1.15m. role of which remain under stock.

pius £115,000. Total is expected Globe Investment Trust, clients m be £440,000 of which £340,000 of Gartmore Investment Manage-in cash has been received. In addition a loan of £250,000 has Britannia Arrow Holdings, meot, investors in Industry, Britannia Arrow Holdings, Singer and Friedlander, and Clyde Petroleum.

ICC Oil Services has purchased the fixed assets and business undertaking of Power Units (1953), an engineering and fabrication company hased in Cardiff. Consideration of £264.495 will he satisfied by the issue of 807,119 ICC Oil shares, plus the responsibility for a £95,000 hank overdraft.

responsibility for a £95,000 hank overdraft.

The consideration equates to the asset value of plant equipment and motor vehicles acquired on completion. The business is expected to contribut to group profitability immediately.

The board of Dee state that. Scott's Reslaurant has conditionally agreed lo acquire this sale should not be seen as giving any indication of its policy towards the 80 or so remaining price of £195,000 to be satisfied towards the 80 or so remaining the same of the price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be satisfied assets of Williamsons the Estale price of £195,000 to be \$195,000 to be \$195 this tate should not be seen as giving any indication of its policy towards the 80 or so remaining price of £195,000 to be satisfied assets of Williamsons the Estale Lennons off licences, "the future by the issue of coovertible loan is £116,710, of which £101,710 took."

Arabian associate, Georga Dew-Ebrabim Akbar Alireza, to the Saudi partner for a nominal con

It is anticipated that the amount to be written off will be between £1.3m and £1.7m and that the cash effect relating to the investment since the beginning of the financial year to October 1984 will be up to £300,000 adverse.

W. H. Smith has sold its wholly-owned subsidiary, WHS Advertis-ing for £1.02m cash to a privale company to be known as Morebus. In addition, the company will continue to make available to WHS a loan of £360,000 repayable in instalments by December 31, 1985.

was paid on completion, mostly in shares.

New Issue November, 1984 All of these securities having been placed, this announcement appears for purposes of record only.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D.C.

U.S.\$ 150,000,000 12 1/4 % U.S. Dollar Notes of 1984, due 1994 WORLD BANK

Deutsche Bank

Credit Suisse First Boston

Goldman Sachs International Corp.

Daiwa Europe Limited

Salomon Brothers

Baden-Württembergis

International Limited

Bank Gutzwiller, Kurz, Bungener (Overs

Morgan Guaranty Ltd

Morgan Stanley International

Banque Paribas

Orion Royal Bank

Swiss Bank Corporation International Union Bank of Switzerland

Algemene Bank Nederland N.V.

Banque Nationale de Paris

Merrill Lynch International & Co.

Société Générale de Banque S.A.

Banque Générale du Luxembourg S.A.

Banque Worms

County Bank Limited Crédit Lyonnais Delbrück & Co.

Drexel Burnham Lam

Euromobiliare S.o.A. Genossenschaftliche Zentralbank AG

Georg Hauck & Sohn Bankiers Kommanditgesellschaft auf Aktien E.F. Hutton International Inc. Kidder, Peabody Internet

Landesbank Rheinland-Pfalz LTCB International Merck, Finck & Co.

Samuel Montagu & Co. Limited

J. Henry Schroder Wage & Co. Société Séguantise de Ba

Atlantic Capital

S.G. Warburg & Co. Ltd.

Bank Mees & Hope NV

Banque Populaire Suisse & A. Lux Barcleys Merchant Bank

Chemical Bank Interna Limited

Crédit du Nord

Hessische Landesbani

Industriebank von Japan (Deutschland) Aktiengesellschaft ort, Benson

B. Metzler seel. Sohn & Co. Morgan Grantell & Co. Limited

Smith Barney, Herris Upham & Co. Sumitoma Trust International Versins- und Westbani Akusngeselischst

Westdeutsche Landesbank

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COMPANY NEWS IN BRIEF

AHEAD OF a forecast of pre-tax sion of £910,000 and £260,000 for profits of £580,000 made hy Hoggett Bowers at the time of ation respectively. Other operatings executive search and election group's arrival on the Unlisted Securities Market last August, pre-tax profits came to \$2.50m.

There were unreelised gains on investments of £95,000 £25,000) on ordinary activities. (2.5000) on ordinary activities. (3.5000) on ordinary ac

The market place has remained The market place has remained buoyant since the end of the financial year, and Mr Brian Hoggett, chairman, says that ha expects to beable to comment further on expansion plans in the south and tha development of tha company's own advertising agency at the agm next January. January.
Undiluted earnings per 5p share are shown ahead from 2p

of 22p — may antited they are given at 2.9p.

Pre-tax profits were struck after vacated property costs of 534,000 (£41,000) and £38,000 compensation for loss of office last time. Tax took £280,000 (£17,000) and there were extraordinary debits of £46,000 for deferred tax this

to 7.2p - fully diluted they are

The Swindon Private Hospital. tha first company to be brought to the USM under the Business Startup Scheme, incurred pre-tax losses of £136,000 for the year ended July 31 1984, com-pared with £56,000 profits. The directors explain that because trading started in June,

Angle Nordic Holdings, a bolding Angle Nordic Holdings, a bolding company with interests in engineering and property, achieved taxabla profits of £222,000 on turnover of £24.17m over the six months to end-September 1984. There are no comparable figures due to a change in the company's financial year end. Over the six months to May 31 1983 and the 16 months to May 31 1984 the company made profits of £266,000 and £1.06m respectively.

pectively.

An interim dividend of 0.4p per share has been declared for the period under review, and the directors expect to recommend a final payment of et least Net asset value per 25p share Whitbread Investment Co

amounted to 188.6p, at September 30 1984, against 188.5p a year earlier.

Net profits rose from £2.08m to £2.36m and earnings per share were shown at 3.73p (3.29p). The interim dividend has been lifted from 1.94p to 2.17p—in the last full yeer a final of 3.96p was also paid.

First half income moved ahead First han income. from £3.13m to £3.57m.

a tolal of 5.5p was paid.

awaited, from Nigeria.

profitably—turnover rose from £3.34m to £4.24m. The interim dividend has been

exporting, importing and distri-buting, steel stockholding and as

f49,000 (£25,000).

There were unreelised gains on investments of £95,000 (£3,000) on ordinary activities. There is a further £107,500 this time from the sale of a shareholding in Makerl Tin Smelting Co., the proceeds of which are awaited, pending remittance from Nigeria.

However, be said that further improvements are required.

Turnover fell from £2,22m to £1.45m. Before interest of £45,000 (£54,000) peofits of £45,000 (losses £129,000) were made. There were exceptional debits of £116,000 last time, and profits this time were struck, before extraordinary credits of £86,000. The disposal of £ W Esberger. (losses £129,000) were made. There were exceptional deblts of £116,000 last time, and profits this time were struck, before extraordinary credits of £86,000. The disposal of S. W. Fsbrications has resulted in a significant surplus below the line, and this has improved liquidity.

to September 30 1984, against a restated 420p, at External Investment Trust.

The interim dividend is lifted from 5p to 5.5p net per £1 share, with the directors forecasting a final of at least 6p for en 11.5p total (10.75p). Earnings per share are stated at 5.82p (5.48p) and at 6.33p assuming full loan stock conversion.

Net revenue was £384,000 (£362.000) after tax £203,000 (£355,000).

A sharp increase in first half pre-tax profits from £85,000 to £150,000 has been achieved by R. Smallshaw (Knilwear), and the directors expect a further improvement in the second balf. Demand bas hen satisfactory and each subsidiary is trading profitably—turnover rose from \$2.34m to £4.44m. Substantially lower pre-tax pro-

Losses from Carter Pocock, a recent acquisition, have affected the results at Headlam, Sims & Coggins for the first balf to July 31 1884. Pre-tax profits fell from f152,000 to £92,000 and tha interim dividend is cut from 1.4p

chairman, but he says it will take longer than the 12 months first eovisaged to bring Carter Pocock back into profit.

First balf turnover of this footwear manufacturer rose from £2.43m to £3.98m. Earnings per share are shown as slipping from 2.24p to 2.22p.

Banque Française du Commerce Extérieux nque internationale à Luxembo Banque de Neuflize, Schlumberger, Malle Banque de l'Union Européenne Baring Brothers & Co.,

Crédit Industriel d'Alsaca et de Lorraine

Cazenove & Co.

HBI Samuel & Co.

Limited

Limited

latituto Bancario San Paolo di Torino

ishi Finance Internatio

M.M. Warburg-Brinckmann, Wirtz & Co.

Sal. Oppenheim Ir. & Cle. PK Christiania Bank IUKI

N.M. Rothschild & Sons Société Général

DG Bank Neutsche Genossenschaftsban Enskilda Securities First Chicago

Mr Coggins says that the level of the final dividend will be reviewed when full year results ere available—last time a final of 1.6p was paid from profits of £306,000.

the end of June 1984 and the directors look forward with confidence to further progress. Turnover of this oil producer amounted to £4.25m—the results are the first since the company came to the USM last May.

The directors say the half-year has seen the continued development of Petrolex through acquisition, farm-in and licence applications.

Cost of sales includes provi-

(Securities) Limited

Amhold and S. Bleichroeder, Inc.

Berliner Bank Aktiengesellschaft Citicorp International Bank

PaineWebber Internat Securities Inc.

Wardley London Limbed

Crédit Commercial de France

European Benking Com Limited Girozentrale und Bank der österreichische Aktieneesellschaft

Lehman Brothers International. Inc. Manufacturers Hanover Limbed

Pleason, Heldring & Pleason N.V.

3 RATES

2 Pag. 10 Pag.

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BEECHAM HAS HIGH HOPES FOR A MEMBER OF PENICILLIN FAMILY

Birth of a disease fighting drug

BY DAVID FISHLOCK, SCIENCE EDITOR

BEECHAM has just paid £1 to one of its scientists for the dis- important members of the anticovery of a new type of peni- biotic groups is now made up of cillin which unlike all the synthetic and naturally occur-others, is highly potent in ring compounds. There are more attacking Gram-negative bac than 50 in number. The com-

Thus the company continues a is the starting point for creat-tradition of paying its inventors ing a host of new semi-synthetic a token fee for all rights when penicillios. a patent is granted, as it embarks on the hazardous path of trying to hring a major new antibiouc to the market. To quote Dr Keith Mansford, director of research and himself a recipient of £1 fees for past inventions, "too much of the glamour goes to the guy who made it rather than the

guy who made it possible."

If Dr Mansford's researchers If Dr Mansford's researchers can turn the compound, codenamed BRL 36650, into a product, he believes they will have overcome the most serious weakness of the penicillin family of antibiotics. The compound combats the action of the beta-lactamase enzymes. naturally-occurring agents pre-sent in resistant bacterla which can inactivate many of the

If Dr Mansford's researchers can turn the compound into a product, it will overcome the most serious weakness of the pencillin antibiotics

present penicillins and some of the newer cepbalosporin anti-biotics.

to stop the action of penicillin penicillin and cephalosporin was discovered as early as antibiotics, and inhibits many 1940, since when numerous enzymes of this kind have been identified. So serious was the problem by the 1950s that some scientists were writing peni-cillin off, in favour of the newlydiscovered cephalosporin family of antiblotics. "Our research target was to outwit the beta-lactamases," Dr Mans-

As research director and a hoard member of Beecham Pharmaceuticals, Dr Mansford manages a pharmaceuticals research effort which cost about £55m in 1983-84, of which 25 per cent went on antiblotics.

The family tree of the more teria. This is a class of microorganism which includes, for nucleus, or core of the antiexample. those which cause gonorrhoca and other serious infections.

This is a class of micropound 6-APA is the pencillin or nucleus, or core of the antibiotic, first isolated from naturally occurring penicillin by Beecham in 1957. This nucleus

By the time 6-APA had been isolated, as many as 80 per cent of the strains of staphylococci infection—the cause of boils, styes, etc.—found in hospitals were proving resistant to penicillin. Worse still, the newer antibiotics were also succumbing to the insettivating engages. ing to the inactivating enzymes.

The first success for Beecham scientists at Brockham Park, Surrey, headquarters of pharmaceutical research, and devoted to antibiotics came in the early-1960s, with methicillin. This was the first compound with intrinsic antipound with intrinsic anti-bacterial resistance. It has a built-in inhibitor which rejects the inactivating enzyme.

Unfortunately, the " resistant penicillins derived from methicillin proved effective against only a few of the in-creasing numbers of beta-lactamases identified, and needed high concentrations if they were to work. They failed to comhat the Gram-negative bacteria, including E, coli and Soimonello typhi.

The next big success came in the 1970s, with Beecbam's discovery of Clavulanic acid, the outcome of a research target of building greater resistance into the penicillin nucleus by chemical modification. Clavu-lattic acid is produced by a otics. species of Streptomyces. It is The ability of beta-lactamase structually different from the of the enzymes produced by organisms resistant to penicillin

Clavulanic acid was first formulated with amorycillin to make Augmentin, launched by Beecham in Britain in 1981 and in the U.S. only last month.

It has since been formulated with ticarcillin, a more powerful antibiotic than amoxycillin, and launched by Beecham as Augmentin and Timentin are very broad-spectrum antibiotics,.

valuable where it is necessary to start treatment before the in-

fection bas been identified.



Dr Kelth Mansford, chairman of Beecbam Pharmacenticals research division

But the latest achievement of tion" cephalosporins. Brockham Park, BRL 36650, is the result not of combining antibiotics but of clever chemistry on the penicillin nucleus itself. to design in inherently greater stability against hacterial attack. "There's a tremendous amount of difficult chemistry associated with it the penicillins—olde beta-lactam family chemistry associated with it,' Dr Mansford says.

The upshot is the 6-alpha-formamido series, a new family of penicillins, discovered to be highly active as an antiblotic, yet stable against a wide range of beta-lactamase enzymes. The example, is already a serious problem in hospitals in situations where the body's defences against infection bave been knocked out, either by a disease such as leukaemia or by the

Clinical trials of the compound are about to begin but already it is known to be very well tolerated in man.

For antioiotic researchers, the astonishing thiog is that the penicillins—oldest of the beta-lactam family of anti- Lotus Development Corpora-biotics — should still prove tion, the U.S. microcomputer capable of a major modification software company which combat the still-growing problem of anti-biotic-resistant its "1-2-3" integrated software organisms. "I will never cease package, bas lauoched new soft-to be surprised at what beta- ware to run on the Apple to be surprised at what beta-lactams exist," Dr Mansford, Macintosh.

complex chemistry. Currently, the process uses reagents "we wouldn't dare use in the factory." Brockham Park has already begun to devise the chemistry for synthesising BRL | munications and business treatment. It is also active 36650. It may well investigate graphics, against certain strains of bacteria that are proving resistant satisfied enough to go into functions to the newer "Third-genera- production.

ICL pins its hopes on combined technology

THE ONE PER DESK" Surprisingly the OPD also bounched by ICL last week is uses Slpclair Microdrives rather one of the more important new than floppy discs for mass

rears ago.

The One Per Desk 10PD) is for business use. a low-cost terminal which combines a personal computer an advanced telephone and data accommunications in a single unit. A: £1,200 for the basic model the OPD is significantly cheaper than other so-called lo-

just beginning to appear.

For the first time, ICL has developed a new product with a small select team which were kept separate from ils main development activities. This echoes velopment activities. This ochoes
the way in which IBM developed its highly successful
Personal Computer. The ICL
team were free to link up with
other companies to gain access
to the latest technology for the

The low price appears to be one of the benefits of ICL's close collaboration with Sinclair Research, the pioneer of low-cos; home computers. The OPD is broadly based on the QL comof the year by Sinclair Research. It uses the same software suite of word processing, spreadsheet, database and graphics produced by Psion as the QL.

product announcements to come memory storage. Many people from the computer group since in the industry believe the its dramatic rescue over three Microdrives are too slow, too years ago.

Small and Insufficiently rugged

> However the OPD does not use the Microdrives for loading the programs as they do in the QL.

Professional Personal. Computing

ICL is aiming this product at the mass office market. As a result the terminal is not specific to a PABX or any particular make of computer. When the company started developing the OPD it was intended as a terminal for ICL's DNX 2000 exchange, a powerful digital PABX developed and manufactured by Mitel of Canada. By making the OPD a general purpose telephone and computer terminal the product loses in speed of data transmission and advanced facilities.

But the benefit is that it con be connected to any exchange with a conventional telephone plug and socket.

middle and senior management in large- and medium-sized companies. It does not expect the users to be heavy users of the personal computing functions who would be limited by its

into three categories : personal computing, telephone, and data communications. The telephone has hands-free dialling, last number re-dial, abbreviated dialling and many of the other features on an advanced tele-phone. It also has a telephone directory of over 500 numbers which are displayed on the screen and has automatic answering which uses voice synthesis with a 152-word vocabulary.

The features of the OPD fall

ICL appears to be the first company to bring together so many facilities at the price. The uncoswered question is has it correctly identified a gap in the

ICL says it is talking to a number of telecommunications authorities and manufacturers around the world which moy place significant orders for the product and sell it under their own label. British Telecom is thought to be looking at OPD and it would be a major boost if it decided to sell it.

Jason Crisp

Money Coin checking

The good news is

FERRANTI Selling technology

With the disappearance of the pound note companies may have a need for an elec-tronic coinchecker to deal with all the extra coins that will be passing over the counter.

Salter Industrial Measurements, part of Staveley Industries, has developed a checker for standard bagged coin values or to check-weigh unbagged enluage with

weigh unbagged coloage with the accurance of a single coin. It is designed for banks, building societies or any other organisation which handles large amounts of cash.

It has a capacity of \$20 in bronze per weigh, \$500 of \$1 coins as well as being able to weigh much smaller amounts. The user sets in the expected value of the coinage to be weighed and the machine accepts or rejects the machine accepts or rejects the bags according to the preset weight. More details from Salter Industrial Measure-ments in West Bromwich, West Midlands.

Computing

Display system

One of the products to One of the products in emerge from the Computers in the City exhibition this week is an information transmission and display system called Oracle Telscan Service.

This is the result of an agreement between Oracle Teletext and IGG Electronics of Contains Fants The System

Teletext and fGG Electronics of Cosham, Hants: The system is based on a large television display which shows preselected teletext transmissions. The companies see applications for the system in financial institutions, on transport systems, supermarkets or any other place where kets or any other place where a mass andlence is likely to gather. More details from IGG on 0705 370472.

1321

Lotus moves into the Jazz era that documents such as analyses, the dramatic acceptance of THE TWO most advanced tech-

niques developed to make personal computers easier to use can now be combined in one system.

software company which achieved startling success with

The new software "Jazz" was announced by Mr Mitchell basic compound is an impressive ten-20 times as active as its precursors, for example against Pseudomonas deruginosa and Enterobacter, Pseudomonas, for manufacturing route for the companies of the precursors of the FT, Saturday, November 11).

Jazz ls a multifunction package which feaures word processing, worksheet analysis, database management, con-

budgets, memoranda, proposals and reports can be prepared. Integration is one of the chief

trends in software development at the moment. The idea is that a number of different types of program—spreadsheet, word processor, graphics and so on processor, graphics and so on-can be combined on a single program disk so that the user can carry out, say, a financial analysis then blend the figures into a written report without changing disks and without using different sets of com-

mands for different programs. 1-2-3 was the first of these integrated programs (It com-blined spreadsheet, database handler and graphics) and proved enormously successful, spawning a host of imitators.

Lolus followed up with "Symphony," which added word processing and communication to the 1—2—3 set, but although According to Lotus, the five processing and communication Jazz will be available functions can easily be to the 1—2—3 set, but although Europe from March 1985 integrated, one with another, so selling well at hear achieved, will solve five to be a selling well at hear achieved, will solve five to be a selling well at hear achieved.

Speaking last week. Mr

Kapor, accepted that Symphony may bave proved too complex a program for many unsophisti-cated users: "If Louis gave the impression that Symphony was a panacea for all ills, then that was wrong," he said. The new package on Macintosh is clearly an attempt to restore ease of use to integrated software. The Macintosh is an innovate computer an which

Apple has virtually staked its future. It presents the user with pic tures on the screen as an aid to operation and it has a "mouse" a small screen pointer which rolls around the top of the

Lotus elaims it designed Jazz to take advantage of Maciotosh's ease of use.

Jazz will be available in
Europe from March 1985 and

user's desk.



Take a closer look at Sweden's new team in the London financial markets

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Gola (UK) team from left: Michael Pritchard - Administration, Annabelle Svedberg – Managing Director, Måns Hoglund – Business Development, Glyn Evans - Foreign Exchange and Money Markels. Gota(UK)Limited

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71/4% Bearer Bonds of 1984 (1994)

Kreditanstalt für Wiederaufbau

Offer for Sale

Kreditanstalt für Wiederaufbau, Frankfurt am Main issues 7 1/4% Bearer Bonds of 1984 (1994) in a total amount of

DM 500,000,000

The net proceeds of this issue will be used for long-term Investment loans. DM 400,000,000.—of this amount are offered

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of the Federal Republic of Germany, including Berlin.

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The Bonds are eligible as Collateral for Loans by Deutsche Bundesbank ("Iombardiähig") Loans by Deutsche Bundesbank upon admittance for Trading and Official Quotation.

> The Bondholder receives a Central Depostit Advice by the bank appointed by him. Definitive Bonds will not be available. The Bond issue will be evidenced by two Global

> The Bonds will be offered for sale by the undersigned banks as from November 22, 1984.

The detailed Offer for Sale to be published in the Bundesanzeiger (German Federal Gazette) is available with the banks. Allotments of Bonds are up to the selling banks.

Frankfurt am Main, November 1984

Kreditanstalt für Wiederaufbau

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ereins- und Westb. Aktiengesellschat

THE MANAGEMENT PAGE: Small Business

ROBERT. WRIGHT began dreaming about running his own business when he was a British Airways pilot on the short haul Trident fleet. The idea kept goowing away inside his head until it could no longer be ignored. Closing his ears to the warrings of feature and the warnings of family and colleagues, in 1981 he arranged a year's unpaid leave from British Airways to take a business degree at Crandeld School of Management.

"It was the most difficult year of my life," says Wright. It was also quite traumatic for his wife end two children, then aged 10 and 6. A few months into the course Wright decided hn would definitely attempt to set up his own airline company. He took redundancy from BA and moved to a smaller house to raise some further capital.

Two years later, Connectar is up and running, operating a commuter and cargo link between Gatwick and Antwerp in Belgium. Next Monday, the company applies to the Civil Aviation Authority for a second licence to operate the Gatwick-Dusseldorf route. The Wrights are still living

in their smaller house and are likely to for some time. "This is more a vocation than a path to riches but it is giving me marvellous sense of achieve

ment," he says.

Wright chose to undertake Cranfield'a MBA programme which runs over four terms. The first two terms are fairly structured giving students a grounding in all the main areas accounting, taxation and planning. The students can then choose certain options which include one called Entrepre-neurship and New Ventures (ENV) designed specifically for people who want to go into business on their own. "After six months I realised

eing fin

en rent

3 RATES

there was only one route out of the place and that was to take the entrepreneurship course," says Wright. He had course." says Wright. He had struggled with the complexities of accounting and taxation and despaired of attaining the marks to pass the degree, but he refused to give up.
"I had complete tunnel vision. I was determined to succeed," he explains, "Robert was each the most determined to succeed," he explains, "Robert was each the most determined."

was one of the most determined students we have had pass through the course," says Jackie Bilton of Cramfield's Enterprise Development Centre. He was rewarded with the Institute of Directors' award, given to the student who showed originality and the most promise of succeeding.

The ENV option starts in

Term 3. It includes a high



Robert Wright (centre) with Bradley Burgess (left) and John Fuller: determined to succeed

Flight path to a start-up

Robert Wright took an MBA in order to run his own airline. Alison Hogan reports

skills, determination and right date has lent Connectalr idea to proceed with a serious £123,500. "Robert impressed business plan. Around a us with his differmination to quarter of the 100 or so succeed," says investment contradate of the 100 or so succeed," says investment conquarter of the 100 or so succeed," says investment constudents generally pass this troller Drew Johnston. "He

The rest of the course is taken up with the construction and refinement of a business plan and discussions with various financial advisers in-cluding bankers, accountants and solicitors. It ends with an examination by an entre-preneur, a venture capitalist and someone from a clearing

One of Wright's first moves on completing his degree was to get an accountant and solicitor to advise him. Having struggled with management accounting and taxation he was

was realistic, commercially minded and heavily committed to the project financially."

Having got the plan and the financial support, Wright needed the right people to make a success of the business with him. Brad Burgess, with experience in the awation business, became commercial director and, a few months later, Captain John Fuller joined the company as director

of operations. Connectair was formed in 1982. The three men rented a plane for £60,000 and looked round for business. "The first all too aware of the need for month we did nothing and saw such skills at a professional £20,000 go down the drain," level if his business were to says Wright. In the second succeed, He also needed a month business started coming Term 3. It includes a high sympathetic bank and some in and before long the company degree of self-analysis aimed at getting the students to consider whether they have the investment arm which to ing clothes for a fashion house

in Italy to transporting spare parts for o car manufacturer in Spain. They could have continued this kind of ferrying of cargo indefinitely but felt the growth potential was limited. They continued their search for the right niche in the market, a search which finally hrought them to the offices of British

B Cal is building up its com-muter network in and out of Gatwick, as part of the wider Gatwick marketing campaign to develop the airport as a strong and viable alternative to the overcrowded Heathrow.

B Cal, in common with most major airlines, has concentrated its resources on building up traffic on the main trunk routes, using wide bodied aircraft, relying on smaller inde-pendent airlines to act as feeders into its international

Connectair was offered the opportunity to take on the London/Antwerp route with B Cal having responsibility for the marketing and saln of

This proposal amounted to This proposal amounted to taking one step hack in order to take at least two steps forward. Ahandoning its former cargo husiness, Connectair set about building up numbers on the Antwerp route, using a Brazilian Banderiante 14-seat aircraft. This afteraft can also he converted for can also he converted for freight and the company fits in further flights between Antwerp, Rotterdam, Brussels

The first flight was on May 13.
The target was to break even
hy August. "We were one
month out which is really very good going," says Wright. The average load factor in September was 57 per cent. This was sustained in October and husiness is expected to strengthen for the rest of the year Thn company now has 10 full-time employees, including the

time employees, including the three directors, and operates from a small office in Charlwood, near Gatwick. Overheads are kept in a minimum, with catering and maintenance all subcontracted. The assistant pilot gives out the in-flight food and delibe. and drinks.

If Connectair wins the Dusseldorf route it will lease a second plane, probably a larger aircraft with 30 to 40 seats.

Mare pilots will be needed, and additional secretarial

After three tense and tumulthous years, Wright is reluctant to admit that he has succeeded. But forced to pinpoint the moment when he realised that Connectair really was going to take off he decided it was earlier in the summer "when

SALES forecasting is so difficult that many small husiness nuners shy away even from trying it. They tend to take the view that their main role is in know how in make o product or apply a service and that cus-tomers will come from some-

But this puts a business into the position of having constantly to react short-term to either a fall or rise in demand rather than taking pre-emptive action. Realistic sales forecasting can there-fore help both in controlling speed of growth and heading off a lot of anxiety.

Forecasting also affects the

attitude of mind. A small husinessman may think he is in husiness to make things or provide a service. This is not so; husiness is about selling a product or service. Trying to predict how much can be sold and what it will earn forces a business to look at its impact nn the market, which is better

than the reverse.

An assessment of future demand helps a husiness order its flow of materials correctly and calculate what help might be needed from its bank if seasonal peaks or

Eliminate optimism and make honest projections

The HOW TO of...

FORECASTING

troughs, or long lead times for complicated orders, are foreseen. This will also tell n hank manager that his busi-ness customer knows what he is during ness custo is dning.

Preparation of a forecast can begin with current sales being written down and their value being divided by volume in order to work out actual unit prices; this is important because of the effect of any discounts given on list price.

Customers should be listed

and careful thought given to each. Which are certain to come back for more? When will they do that? How many are nne-off, casual sales? Are any of these capable of being converted into regulars?

Also question how the sale came about. Did you or your staff go out and sell to them or did they come to you? How did you find them? How did they find you? Who else supolles them with the same goods or services? Can you sell to similar customers which you do not supply at the moment? Can you sell more to those you give the least discount? least discount?

Go back and look at old sales records. Which cus-tomers have not been huying tately? Why is that? Con any

Some answers can be obtained by phoning the husiness's targer customers. Tett them a check is being made

on service given, whether it is satisfactory and whether any further help can be given. Armed with the results of this analysis some projections to make honest projections and not increase the odd

munth's sales here and there beconse a figure looks too low. A useful forther step theu is io analyse which are the biggest customers. If any one of them represents more than 30 per cent of sales, try crossing that one out altagether

and asking "Con I survive?" Try to ettminate optimism. If a hig leap forward is pro-jected in supplies to a large company or locol or central government, reckon on a lead time of at least six months and prepare forecasts for the to take nine months to a year. It is the way of a hurean-eratle world and it is unlikely il can be changed.

Finally, start tooking for "soft" areas where more can be sold, or higher prices achieved or lead times shortcoed. When these have been found, up the forecast and get working on them . . . now.

Ian Hamilton Fazey

In brief ...

MANAGED Technology Investors, the new venture capltol fund set np by Prudential Assurance, Morgan Grenfell and PA Consulting Services, is taking £400,000 of equity in Prism Instruments, to enable it in go into volume production of computer con-trolled automatic test equipmeot. The company will he mnving into a higger factory in the Cambridge Technopark.

The fund's first investment was of £300,000 in Fixit Adhesive, which has developed a process for making specialist sticky tapes. Further investments are expected before Christmas.

PLACES are still ovailable for the 1984 Venture Capitoi Forum, Jointly sponsored by the Financial Times and the British Venture Capital Assocration. The event, which will take place in London on December 3 and 4, provides an opportunity for investment managers and senior execu-tives from financial institutions to meet some of the leoding venture-backed companies in Britain—all of which will be raising additional capital or looking for a wablin better to the control of the public listing in the future Short formal presentations by participating companies will

be followed by private meetings with delegates in the afternoon. Details from FT Conference Organisation, Minster House, Arthur Street, London EC4. Tel: 01-621 1355.

THE Mitcheldean Enterprise
Workshops, which was
initiated by Rank Xerox as a
non-profit-making venture
within the company's Community Support Programme
in the Forest of Dean, was
officially opened last week.
The project is seen as a means The project is seen as a means of alleviating the effects of workforce reductions at the company's Mitcheldean pro-duction plant and satellite operations. The complex has been developed as a self-contained business "village" with 82 individual workshops and office units ranging in size from 200 to 3,000 square feet. Free husiness advice will be provided by the Gloucestershire Enterprise Agency.

A SEMINAR for people working towards post-graduate qualifications through research in small firms is to be held at Trent Polytechnic, Nottingham, early in the New Year. The seminar will be of interest to those grappling with the problems of small business research, and the difficulties associated with completing postgraduate re-search work.

For further detoils contact Phil Suter, Small Business Centre, Trent Polytechnic, Nottingham, 418248 ext 2561 or 2488.

SOLE TRADER, partnership or limited company? That is the question most accountants will ask when approached for will ask when appropried for advice an setting up o small business. But what if the reply is: "What ohout a workers' co-operative" The Institute of Chartered Accountants has come up

with an answer.

Issue No 162 of the Accountants Digest is a comprehensive study of the field.

The onthor is chartered accountant Tony Marris, who is on secondment to the Co-operative Development Agency from the Co-operative Wholesale Society.

Marris's own belief in co-operatives shows through the whole publication hat his is not the rose-tinted view for which many enthusiasts are deservedly criticised. He oddresses the thorny problems that afflict many "rescue" nr "Phoenix" co-operatives and stresses how solving them

is central to success.

These include the unlikelihood of heing able to save all the jobs when a company collapses and what critics claim as the thorniest problem of all—how will the co-operative he managed?

The management question affices "start-up" co-operatives too. Marris says that all potential co-operators have to he fully invoived to formulating answers and agreeing pro-posals. Often they will have to learn about husiness prac-tice from a hackground of little knowledge. The accountant's role is central to this educational process.

Numbers of co-operatives are tiny compared with the 1.3m VAT-registered husinesses in Britain that are sole traders, partnerships or timited companies. David Trippier, Small Firms Minister, said this month that there were now "just over 1,000." What Is significant is that there were only 300 in 1980.

Marris says: "To many people, setting up in business on their nwn is an option that is impossible to face. Wheo they are able to share the printeens and risks with others the possibility can often he turned into o reality. Co-operatives are providing many o vehicle for work where the likelihood of a conventional job is remote."

Marris gives a lot of practical advice and details of where to get help and information,

Coples are ovoiloble from the ICA publications department, Milton Keynes, MK9 2HL, price £4.

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The European division of a US technology leader noted for its record of developing smaller organisations through distribution networks in Europe and the rest of the world is seeking to acquire either products or companies in specialised, non-consumer, high technology electronics. Opportunities throughout Europe will be considered, although the preferred location for company

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METROPOLITAN WATER SEWERAGE AND **DRAINAGE BOARD** SYDNEY

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CONTRACT NO. 6442-S

SUBMARINE OCEAN OUTFALLS FOR MALABAR AND NORTH HEAD. STAGE II — TUNNELLING WORKS

Registration for Tenders by Invitation

Tenders will be invited shortly for Contract No. 5442-S being a Schedule of Rates.
Contract for the construction of Stage II of the Submanne Ocean Outlains for,
Malabar and North Head, comprising.—
(a) Excavation and living of Malabar and North Head Ocean Outlain Tunnels,
approximately 4, 200 m and 3,300 m in length respectively, and each 4.2 m in

approximately 4, 200 m and 3,000 m in length respectively, and doctor diffuser (a) Connection of humels to e series of seabed riser chains at official efficiency locations (shafts pre-constructed by others).

(c) Construction of permanent concrete lining in the access selfi to each ocean outsit numer, between the respective onshare trainent plant and commencement of the tunnel (addi guzavation executed by others).

Sequence of tunnel excavation will be Malabar followed by North Head.

Formal Contract

The successful tenderer will be required to enter into e formal contract based on the N.P.W.C. Edition 3 (1981) General Conditions of Contract, N.C.A.P. 1 Cost Adjustment Provisions, the Board's Special Contracts of Contract, the Specializations and Drawing specialty prepared for this Contract and the tendered Schedule of Rates and Proces.

tions and Drawing specially prepared for this Contract and the tendered Schedule of Rales and Prices.

Location of Works
The Works Sites are located at the Board's Water Pollution Contract Plants in the Sydney suburbs of Malabar and Manly.

Tendering Period
The invitation to tender and the tender documents should be available for issue to the selected applicants in March, 1985 and tenders should be available for issue to the selected applicants in March, 1985 and tenders should close in July, 1985.

Pretiminary Information describing the work by more detail will be supplied to prospective tenderers on request to the Board's Specifications Officer, Level 14, Capital Centre, 255 Pitt Street, Sydney, or the Agent-General for N.S.W., N.S.W. Government Offices, 66 Strand, London.

Limitation to Register
Organizations miteristed in tendering and who have substantial experience in the class of work envisaged are mixed to register by letter addressed to the Secretary of the Board, before 9.30 am on 4th January, 1985.

Applications for registration must be submitted on the Board's application forms and must be supported by answers to the questionnaire on financial and physical resources, and relevant experience. Copies of the application forms and questionnaire will be assed with the brochure of prakminary information.

Applicants may submit additional details in support of their application. Where joint ventures are proposed, thil documents. The Board reserves the right, without further negotations, to declare to register a number of organisations which, by individual-letter, will be injuded to tender for the transfering works in accordance with the 'Lender Documents. The Board reserves the right, without further negotations, to declare to register a number of organisations. All information received will be kept confidently except that after the anvitations, to tender have been tessed, the names of the invited tenderers will be advertised in the gress.

Foreign corporations intending to respond to this invitation shoul

Registration Fee
A registration fee of \$(A)1,000 must accompany each application for registration.
If an applicant is not invited to tender for the work, the full registration fee will be returned by the Board. When an organisation is invited to lender, the full registration lee will be returned only after receipt of a bona fide tender.

As enquines regarding Application for Registration as prospective tenderers to Contract No. 6442-S should be addressed to:—

Project Manager, Submarine Ocean Outfalls Project, Metropolitan Water Sewerage and Oralnage Board, P. O. Box A53, Sydney South, N.S.W. 2000 AUSTRALIA

The Agent-General for N.S.W., N.S.W., Government Offices, 66 Strand. London WC2N SLZ ENGLAND

Telephone couplings on the most by demacting the Project Manager, October Outlains, on Sydney Telephone (02) 256 0256, Extension 6389, or Telex — SYDWTR AA 27881.

COMPANHIA VALE DO RIO DOCE

Brasil
Telex (021) 23205, (021) 21975
Sealed Bids will be received at the above-mentioned address until January 16, 1985 ac

Rio de Janeiro, November 16, 1984 Purchase and Material Superintendency

Company Notices

LEUM! INTERNATIONAL INVESTMENTS N.V. U.S.\$60,000,000 Gearanteed Figating Rate Notes 1985

The interest rate applicable to the above Notes in respect of the six month period commencing 19th November 1934 has been fixed at 101,2% per ansum. The interest amounting to US\$3.09 per bond of U\$1,000 nominal and to US\$350.03 per bond or U\$1,000 nominal and to U\$553.00 per bond or U\$1,000 nominal and to U\$553.00 per bond or U\$1,000 nominal will be paid on Monday, 20th May 1953 against presentation of Coupon No. 13.

OUE 1088

OUE 1088

In accordance with the torms and conditions of the above Notes, netice is hereby given that for the seried November 1984 to May 23, 1985.

The coupon amount per U.S.\$100.000 will be U.S.\$3.71.53.

BANQUE INTERNATIONALE A LUXEMGOURG Societe Anonyme Fuscal Agen.

THACKERAY GALLERY, 16, Thecistory
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34.1

Euromarkets offered innovative issues by Korea, Page 44

NEW YORK STOCK EXCHANGE 34-36 AMERICAN STOCK EXCHANGE 35-36 U.S. OVER-THE-COUNTER 36, 44 WORLD STOCK MARKETS 36 LONDON STOCK EXCHANGE 37-39

UNIT TRUSTS 40-41 COMMODITIES 42 CURRENCIES 43 INTERNATIONAL CAPITAL MARKETS 44 SECTION III - INTERNATIONAL MARKETS **FINANCIAL TIMES**

Tuesday November 20 1984

WALL STREET

Fed's help gets wary reception

AN WATER

BOARD

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N OUTFALL

HORTHHE

LING WORD

and the interesting

THE DEBATE on Wall Street over the likely course of Federal Reserve policies was carried a stage further yesterday when the Fed intervened again to help the credit markets - this time with fourday system repurchases, writes Terry

Byland in New York.

The bond market, already firm in response to the latest economic data on income and expenditure in the U.S. extended its gains after the Fed's move. The stock market, however, could make little or no recovery from Friday's set-

Stock prices drifted sluggishly in the second half of the session to close with-out recovery. The Dow Jones industrial average ended a net 2.65 points lower at 1,185.29. Turnover slowed, with the day's shares traded totalling only 70m. The bond market also finished at the day's low, with the key long bond down by three quarters of a point.

The Fed's move was regarded by some analysts as a strong indication that it wants rates to move lower in order to stimulate an economy now seen as in danger of stalling. The sluggishness of the stock market appeared to illustrate

Standard & Poors 500

STOCK MARKET INDICES

142.90

1,167.4

DJ Industrials

. DJ Transport

LONDON

FT Ind Ord

1,185,29 1,187,94 1,251,02 516,00 516,22 606,04

1,173,5

143.77

137.33

718.8

970.1

Yen Ffr

SwFt

BFr C\$

End Month Figures

Other analysts were unconvinced arguing that special factors were at work. Continental Illinois, the Chicago bank, refused to comment on suggestions that it is now borrowing less through the Fed's extended credit facility, which would reduce market liquidity.

Technical factors may also bave influenced the Fed's intervention, the fourday repurchases will help the market over the Thanksgiving break on Thursday. This week also brings a resumption of the Treasury funding programme, with \$13.6bn of Treasury bills due for auction yesterday and a further S9hn in two-year notes for sale tomorrow. Auction payments are due the day after Thanksgiving, traditionally a slow day on Wall Street.

The markets had another unsettled session. Prices opened higher but were fading away again when the fed intervened in the credit markets. Later, some hlue chips edged higher but across the broad range of the market, losses were in the majority.

The Dow was held hack by weakness in IBM, \$1% down at \$120%. Other high technology issues lagged behind, with Hewlett-Packard down \$1% to \$32% after trading results.

Motor shares were generally firmer: General Motors stood out with a \$% gain at \$75%. Airlines looked mixed, however, while oil shares turned lower again.

Other highlights, included BankAmerica, down \$% to \$17% on the board's admission that it is considering selling the group's famed headquarters building in San Francisco to help to meet the call by

CURRENCIES

242.8

9.125

2.452

3.344

1.31675 1.31475 1.6435

INTEREST RATES

U.S BONDS

Price

Nov 19*

Price

94% 72 76%

aı

101°%2 103'%2

1,845.5 2,318.0 59.85 75.45

U.S. DOLLAR

Nov 19 Previous

243.6

9.18

2.4735

1,856.0

(3-month offered rate)

DM

FT London Intert (offered rate)

U.S.3-month CDs

U.S. 3-month T-bitts

3-month U.S.S

6-month U.S.S

60.3

1250

STERLING

1.255

304.5

11.42

3.07

75.1

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2.309.5

5%

9%

9% 9.35

Yield

10.65 11.57

11.65

11.70

10.65

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12.10

12.35

12.30

95% 12.80

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Nov 19 Previous

1.249

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3.09

4.2125

SYIN

9%. 9.30

8.57

10.61 1012%2 11.52 103%2 11.61 992%2

11.60 100°%

Price

94% 72

12.60 93.60 12.60

Ylaid

Yield

11.70

10.65

12.20

12.10

12.35

12.80

71-06 71-17 71-01 70-26

Latest High

KEY MARKET MONITORS

the Comptroller of the Currency for im-

provement in capital ratios.

Stock in Colgate-Palmolive gained \$% to \$251/4 after Sir James Goldsmith, the UK financier, filed under the Hart-Scott-Roding Act to increase his stake in the consumer products group to more than 10 per cent.

In a dull pharmaceuticals sector, Bax-ter Travenot fell S% to \$13% on the disclosure that fourth-quarter profits will bear a \$116m charge-off. Continuing the mixed trend of retail results, Mercantile Stores added \$\% to \$55\%.

Stock in Brown Forman Distillers moved up 5½ to \$27½ on improved profits. But no response was made to trading statements from Westvaco, unchanged at \$38%, and by Sheller Globe, also un-changed at \$24%. Gains in bond prices were trimmed at

midsession, when advances at the longer end bad settled at about 'a point, with the key long bond at 101½, showing a rise of ½. The federal funds rate, standing at 97 is per cent when the Fed intervened, later eased to 9% per cent, and Tbill rates edged up from the opening to trade little changed.

TOKYO

Drug issues help to lift gloom

SELECTED pharmaceuticals led a small price rally in extremely thin Tokyo trading yesterday, writes Shigeo Nishiwaki of Jiji Press.

The rush on certain pharmaceutical issues reflected investor wariness at record levels of margin debt on Japan's three big exchanges and uncertainty about the outlook for Wall Street.

The Nikkel-Dow market average recorded its first advance in four sessions, rising 29.50 to 11,284.21. Losses outpaced gains by 349 to 332, bowever, and volume fell sharply to 232.86m shares from 441.74m on Friday. In the absence of fresh incentives

many investors bave remained on the sidelines in the past few weeks, confin-ing activity to trading in low-priced laggards and cash stocks to make capital

Margin debt on the three big exchanges, at Y2,763.6bn by November 9, was only Y20.6hn below the all-time high recorded at the end of May.

Of the pharmaceutical speculative interest, Eisai gained Y120 to Y1,570, ranking second on the active list with 5.85m shares, on news that the company had developed a new drug for treatment of cataracts. Kaken Pharmaceutical rose Y50 to Y4,050, the fifth most active issue with 4.55m shares, drawing strength from reports that it was developing an anti-cancer

Among other gainers in the sector, Mochida Pharmaceutical moved up the maximum Y500 to Y13,900 and Hisamitsu Pharmaceutical a maximum Y100 to jumped Y300 to Y5,700 and Taito Y100 to Y606. Dainippon Pharmaceutical

· Elsewbere, optical fibre-related issues were favoured, with Dainichi-Nippon Cables firming Y7 to Y299 and Sumitomo Electric Y5 to Y958.

In the chemical sector, Daicel benefited from a good demand for its magnetooptical disc hoard, adding Y14 to Y619, the highest since its listing on the Tokyo exchange.

Blue chips were out of favour. NEC lost Y20 to Y1,240, Hitachi Y4 to Y652 and Kyocera Y90 to Y7,420.

The bond market weakened in subdued trading. Investors and brokerage houses, discouraged by the yen's slide against the dollar, were waiting for the U.S. estimate for gross national product

The yield on the benchmark 7.3 per cent government bond due in December 1993 rose to 6.735 per cent, from Saturday's 6.720 per cent.

AUSTRALIA

A WEAK Sydney emerged in reaction to last week's run-up, with huyers in short supply and setbacks encountered particularly among metal mining issues and in the banking sector.

BHP shed 20 cents to A\$10.85 and Central Norseman 28 cents to A\$5.70. A

better-supported oil and gas sector sbowed Santos 2 cents firmer at AS8.30 on a flow report from a Cooper Basin well. Vamgas, also involved, added 10 cents to A\$3.65.

The end of the results season brought profit-taking among banks despite good earnings performances. National Australia slid 24 cents to A\$3.58 after its 12%-cent dividend, and Westpac fell 9 cents to A\$3.94.

SOUTH AFRICA

A FIRMER bias developed among industrial shares in Johannesburg after cuts in bank prime rates. A retreat in bullion

values weighed on golds, bowever. Southvaal shed R2 to R85, although Randfontein held up better with a 50cent sethack at R218.50. Among the mining houses Anglo-American and De Beers dipped 5 cents to R24.75 and R8.55, respectively.

Barlow Rand firmed 3 cents to R10.93, while Nedbank jumped 75 cents to R13.

EUROPE

Downward pressures dominate

THE DOWNWARD path pursued by Wall Street, which took the Dow Jones industrial average below 1,200 on Friday, left European investors hesitant yesterday. Declines were seen in most

A weak international sector led Amsterdam lower and the ANP-CBS general index dipped 2.8 to 174.5 in thin vol-

Among large companies, Royal Dutch slid Fl 3.80 to Fl 170.50, Akzo Fl 2.10 to Fl 91.90, and Hoogovens F1 1.90 to F1 60.80. ABN saw one of the largest losses, falling FI 7 to FI 330.

Publisher Elsevier shed Fl 4 to Fl 105.50 while VNU lost Fl 2.70 to Fl 188.50. One of the few shares to limit losses was builder HBG, which eased FI 1.30 to FI 107.50, after its FI 1 dividend.

Bonds were little changed amid expectations that a new state loan would be announced later this week or next.

The Finance Ministry, meanwhile, said it would be announcing measures later this week to regulate trading in stocks and bonds in a move towards the introduction of a general stock exchange

The ministry aims to introduce a li-censing system for share dealing, which is currently not subject to legal controls.

Some selling pressure in a thin market left Frankfurt lower and the Commerzbank index fell 7 to 1,071.2. The absence of many investors from the market was attributed to the run-up to tomorrow's Repentance Day holiday in West Germany.

High-technology issues saw PKI up DM 4 to DM 612, but Nixdorf shed DM 4 to DM 527.

Siemens dipped DM 2.50 to DM 451, but AEG added 40 pfg to DM 105.50, after a day's high of DM 106.30, in the wake of favourable comment on its out-

Bonds held steady in low turnover al-though prices failed to benefit from a marked softening in call money rates. The Bundesbank sold DM 25m of paper after DM 15.6m of sales on Friday.

Profit taking ahead of the end of the monthly trading account contributed to a weaker Paris market. The Government's plans to free some industrial prices from controls had little effect.

Tyre maker Micbelin slid FFr 1 to FFr 765 as it announced higher pre-tax consolidated sales for the first half of the

A broadly lower tread in patchy Brussels trading was encountered on the last day of the forward account. Heavy volume was seen in financial holding Groupe Bruxelles Lambert

ahead of the company's one-for-four rights issue, for which subscriptions start today. GBL fell BFr 20 to BFr 2,200. The dollar's resumed rise contributed to a softer tone in Zurich, with some re-

cently sought financials losing ground as a result of profit taking. A bout of nerves ahead of the ninemonth results from Ericsson - an-nounced after trading hours - brought

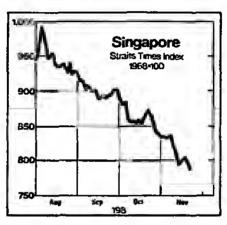
widespread selling in Stockholm and shares ended at a low for the year. The Jacobson and Ponsbach index felt 29.31

Milan ended mixed on the last day of the bourse month, with Itakementi up L1,280 to a year's high of L60,700. Fiat firmed L22 to L1,631, but Olivetti dipped

L58 to L5,880. Shares of energy services company Saipem will be quoted in Milan and Rome from today. The issue of 30m new ordinary shares is the largest operation involving new shares in Italian corpo-

rate history.

Advances in the chemical sector helped to lift Madrid in light trading.



SINGAPORE

BLUE CHIPS continued their retreat in Singapore at a moderate but quickening pace, although scattered support emerged in the afternoon to curtail some earlier losses.

A shift into speculative issues was reflected in the performance of the day's three most active stocks - none of which fall within the market's mainstream which together accounted for more than 40 per cent of total turnover and made substantial gains.

Volume leader Textile Corp put on 12 cents to SS1.70, followed by Pan Electric with a 10-cent rise to \$\$3.12, and Growth Industries, which soared 50 cents to S\$3.

LONDON

Resilient performance sustained

A RESILIENT performance was mounted by London equities yesterday in the

Helped by Barclay's base lending rate cut, the FT Industrial Ordinary index - which at 11am showed a fail of 3.2 - closed only 0.9 down at 919.1. The pending British Telecom flotation tended to restrict fresh investment interest, but with the market now geared to a highly successful debut for the biggest issue, huyers were still showing interest in selected stocks

Among the index constituents, Tate & Lyle stood out with a rise of 8p at 430p on revived bid rumours.

Gilt-edged securities were also overshadowed by the BT issue, Institutional funds again appeared to be limited, and quotations consolidated around lower opening levels which ranged to around It in the longs and I is among the shorterdated maturities.

Chief price changes, page 3% Details, Page 3% Share information service, Pages 38-39.

HONG KONG

SPECULATION about the intentions of Hongkong Land, which were resolved during the afternoon in the form of a corporate reshape, dominated a mixed

Hong Kong session.

Shares in the indebted property group dipped 5 cents to HK\$3.50 on the news, while Hongkong Electric put on that amount to HK\$6.45 on unconfirmed rumours that HK Land's 34 per cent stake was about to change hands, SHK Properties reacted with a 15 cents fall to

Banks were firm, with Hang Seng 25 cents better at HK\$38.75. Jardine Matheson managed a 5-cent improvement to HK\$7.70 but, Hutchison Whampoa at HK\$15.10 and Swire Pacific on HK\$19.30 were each off 20 cents.

CANADA

RESOURCE-BASED issues led a Toronto retreat and prime rate cuts were an Inspiration only to the merchandising sector, where the trend was best resisted. Golds led the downward drift, with oil and gas stocks also weak. Montreal traded within a narrow

range but mainly below pre-weekend

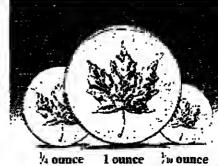
ONLY THE PUREST GOLD HAS



Over 3000 years ago, the ancient Egyptians immortalized their King Tutankhamen in the purest of gold. Even then they knew that pure gold would have everlasting value. And that is still true today. Whoever invests in gold should also choose its purest form.

Canada's Maple Leaf, for example, is struck with the purest gold that you can buy today. It contains no base metals and is the only coin available at banks with a purity of 900 2000 fine gold - guaranteed by the Canadian government.

What does that mean for you? In contrast to ordinary gold coins which



Canadas Maple Leaf

are 22-carat gold, you get the purity of 24-carat gold for your money with Maple Leaf. And, a high degree of assurance that you can trade it easily anytime, anywhere in the world.

Therefore, prudent investors can follow the example of the ancient Egyptians. Whoever wants to acquire longterm value should choose gold of the highest purity. And today, that is the 999 Minon of the Canadian Maple Leaf - a purity for which there is no substitute.

Canada 🛣 👫 Roz Constan Marriago

MAPLE LEAF. THERE IS NO SUBSTITUTE FOR PURITY

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> COMMODITIES 600,40p £2,530.00 22,565,00 \$27.82 \$27,90

603.35p Säver (spot fixing) £1,055.00 £1,073.25 Copper (cash) Oil (spot Arabian Light)

1986 12% 1991 199.18 11% 2014 Corporate 10% June 1990 3% July 1990 8% May 2000 10% March 1993 92% Diamond Shamrock 10% May 1993 10% May 2013 Abbot Lab 11.80 Feb 2013 93.80 12¼ Dec 2012 FINANCIAL FUTURES CHICAGO U.S. Treasury Bonds (CBT) 8% 32nds of 100%

U.S. Treesury Bills (IMM) \$1m points of 100%

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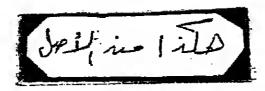
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Kidder, Peabody International



New York . London . Paris . Geneva . Zurich . Hong Kong . Tokyo



AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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ENERGY REVIEW - every Wednesday in the Financial Times



MARKET REPORT

Base-rate cut inspires sustained rally in equities

Option
*First Declara- Last Account Declings flows Dealings Day
Oct 29 Nov 8 Nov 9 Nov 19
Nov 12 Nov 22 Nov 23 Dec 9
Nov 26 Dec 6 Dec 7 Dec 17
" "New-time" dealings may take place from 8.30 am two business days earlier. News of executive

in economic growth.

Leading domestic equities opened lower in the face of initial selling but gradually recovered as the session progressed. The recovery was heloed by the snoouncement of a per cent cut in Barciavs Bank's base lending rate to 92 per cent sround lunch time. Although the extent of the reduction proved to be a little disappointing—market expectations had been pinned on a per cent—tit was enough to boost underlying sentiment.

Messuring the trend, the Financial Times Industrial Ordinary share lindex, which touched

tions had been pinned on a per cent—It was enough to boost underlying sentiment.

Measuring the trend, the Flnancial Times Industrial Ordinary share Index, which touched its lowest of the day at the 11.00 am calculation with a fall of 8.2 closed only 0.9 down on the day at 919.1. Once again, the nending British Telecom flotation tended to restrict fresh investment interest, but with the market now geared to a bighly successful debut for the biggest ever issue, buyers were still showing interest in selected stocks.

Among the index constituents, Tate and Lyle stood out with a rise of 8 at 430p on revived his rumours, Elsewhere, weekend Press comment met with a fairly ready response and helped to enliven an otherwise quiet trad-

In common with the equity sectors. Gilt-edged securities were also overshadowed by the British Telecom issue. Institu-British Telecom issue. Institu-tional funds again appeared to be ilmited and the i per cent base lending rate cut made little impression. Nevertheless, auota-tions consolidated around lower opening levels which ranged to around i p the longs and is among the shorter-dated maturi-ties.

COUNTY CROUDS

Gilt-edged quietly dull Nov 25 Dec 6 Dec 7 Dec 17

"New-time" designs may take place from 8.30 am two business days earlier.

London equity markets put on a resultent performance yesterday in the wake of adverse transatlantle influences; the Dow Jones Industrial Average fell just over 18 points lest Friday amid worries about the U.S.

still affected hy recent adverse comment on the South Airtran banking industry, lost 7 afresb at 448p. News of executive resignations in its Commens at 448p. News of executive resignations in the South Airtran banking industry lost 7 afresb at 448p. News of executive resignations in the South Airtran banking industry lost 7 afresb at 448p. News of executive resignations in the South Airtran banking industry, lost 7 afresb at 448p. News of executive resignations in the South Airtran banking industry, lost 7 afresb at 448p. News of executive resignations in the South Airtran banking industry, lost 7 afresb at 448p. News of executive resignations in the South Airtran banking industry, lost 7 afresb at 448p. News of executive resignations in the South Airtran banking arm induced fears of another boardroom resignations. Lost of the South Airtran banking arm induced fears of another boardroom resignations. Lost of the South Airtran banking arm induced fears of another boardroom resignations. Lost of the South Airtran banking arm induced fears of another boardroom resignations. Lost of the South Airtran banking arm induced fears of another boardroom resignations. Lost of the South Airtran banking arm induced fears of another boardroom resignations. Lost of the South Airtran banking arm induced fears of another boardroom resignations. Lost of the South Airtran banking arm induced fears of another boardroom resignations. Lost of the South Airtran banking arm induced fears of another boardroom resignations. Lost of the South Airtran banking arm induced fears of another boardroom resignations. Lost of the South Airtran banking arm induced fears of another boardroom resignations are supplied to the South Airtran ban

just over 18 points last Friday amid worries about the U.S. Budget deficit and the slowdown in economic growth.

Leading domestic equities

3365. but AMEC attracted late support and closed 3 dearer at 253p. Elsewhere, Press comment heloed M. J. Glecson add 3 tp 212p. Demsad in restricted markets lifled Wilson tConmolly) 8 to 190p and Countryside 6 to 202p. Reports of a possible probe into brick prices unselled bettek Johnsen which disped to Drobe into hirek prices unsellied that of the large price to clasing just 3 cheaper on balance at 245p.

Chemicals lacked support and ICI drifted off to close 6 down at the large lowest of 656n.

Allied Colloids shed 4 to 196p and Brent colleges appared to proceed the large price of the large pric

and Brent softened a penny to

woolworth wanted

The generalty optimistic tenor of the latest CBI/FT survey of the wanted around lower the latest CBI/FT survey of the distributive trades was largely discounted by leading and rally Clearing banks remained nervous after Friday's late weakness on unconfirmed reports that Lloyds had incurred a batantial losses on a Saudi Arablan pipesine contract. Quolations were soon nursing fresh falls extending to 10, but huyers appeared at the lower levels and Lloyds recovered from 505p to finish-a net S higherson 55tance at 515p. Barelays, which reduced its pase lending rate to 97 per cent, performed similarly and also closed 5 dearer at 515p. Milland ended unaltered at 355p, aftor 345p.

Elsewhere, Standard Chartered, S79p. Dealers reported ex anious statement at the annual meeting.

Among Shyes and leather counters. Strong and Fisher counters. Strong and Fisher counters, Strong and Fisher counters, Strong and Fisher counters, Strong and Fisher counters. Strong and Fisher counters, Strong and Fisher call, water call, water call, water call, water to stop, in the wake of water 150p. Headiam Sims and Coggins, on the other had, continued to react to the disappointing for the proups of further rationalisation of the group's for further call, statement and shed 5 more to contract. Quolations were sentiment was 21so bnoyed by second quarter results further rationalisation of the group's proper type portfolio

FINANCIAL TIMES STOCK INDICES

	19	. Nov. 16	Nou, 15	14 I	Nov. 15	Nov. 18	ABO
Covornment Seea.	B3,14	83.33	85.61	83,29	83.43	83.37	83,85
Fixed Interest	86,34	B6,52	86.18	86.14	86,17	85.87	86.00
Industrial Drd	919,1	920.0	911,6	923.7	224,3	914.7	718,8
Rold Minco	561,6	573.8	581,2	578.2	583,8	558,9	477.8
Ord. Div. Yield .	4.65	4.64	4,68	4,63	4,63	4.67	4,72
Earnings, Yld. & full-	11,19	11,18	11.27	11,14	11.14	11.15	9,97
P:E Ratio Inet :"1	10,71	10,79	10.63	10.73	10.75	10.79	10.46
Total bargaine (Est.)	20,111	19,418	e 1,637	20,320	e 2,537	24,280	20,604
Equity turnover £m.	_	284,64	e 85.43	285,06	380,36	894,99	196.33
Equity bargaino		15,687	16,683	17,430	18,880	19,674	16,035
Shareo traded imli .		142.6	178.2	157.1	808.5	179.9	144.8

2 gm 917.9, 3 pm 916.2,

Basio 100 Gout, Secs 15/2/28, Fixed Int. 1928, Industrial 1/7/35. Gold Minea 12/9/55. 5E Activity 1974.

> **HIGHS AND LOWS** S.E. ACTIVITY

i	1984		Since Compilat	'n	Nov.	Nov.
	Nigh	Low	Nigh Low	-: Baily	<u></u> ;	
Govt. Secs	83.77	75.72	127.4 49.48 19.1.66, 11.75	CIII Edzed	139.3	140,5
Fixed Int	87.48 (14:3)	80,45	153.4 50.03 (65,11,47) 81,1175;	Sargains Valuo	101.0 ¹	109.4 577.0
Ind. Ord'			924.3 49.4	5-day Average Oilt Edged Bargains	164.6	138.3
Gold Mines	711.7 (3:5)	485.7 (1 t)	734.7 43.5 15:2:85, 25.10.7	Emuilles	114.5	125.0 656.2

mendation.

Speculative Interest In TI waned in the absence of the widely ramoured American bid.

However, after drifting drwn to 228p on profit taking the shares

tremely subdued conditions else- scheduled for November 28, where in secondary Stores, although Our Price continued to respond to recent reports of booming recorded music sales at advanced 8 more to 30Fp.

"Call" option business aided Lineroft Kilgoor, 6 up at 8 new 1984 peak of 153p, but major Marks and Spencer supplier S. R. Gent fell 4 to 188p, after 70p, after a "sell" recounselected in secondary Stores and Spencer supplier 5. R. Gent fell 4 to 188p, after mendation. respond to recent reports of booming recorded music sales and advanced 8 more to 305p. "Call" option business aided Lineroft Kilgoor, 6 up at 8 new 1984 peak of 153p, but m. jor Marks and Spencer supplier S. R. Gent fell 4 to 185p, after 154p. Glunning the challenger's 154p, following the chairman's cautious statement at the annual

228p on profit taking the shares rallied to finish unaltered at 234p. Elsewhere in a outet Engloeering sector. B. Filiott hardened a penny to 54p on Press comment, while improvements of 4 and 6 were resurded in Haden, 184p, and Brillish Steam, 96p. Concentric, at 59p, were unmoved by the bigher annual profits.

Speculative demand accompanied by revived rumours of a possible bid from Dalzety lifted Tate and Lyle 8 to 430p, after 432p. Other leading Foods overcame an early mark-down to close oo a firm note. Tesco finished 4 dearer at 214p, as did Associated Dairies, at 164p, Cadbury Schweppes slipped to 152p, but subsequently rallied to close unchanged at 154p, while Unigate

to 135p; the latter has acquired the outstending 40 per cent of Airport Catering Services from British Airways for an undis-closed sum.

Photo-Me jump

rellaneous industrial leaders by no means substantial, but a passed a quiet session and closed easier throughout. Melal Box at 352p, sustained an ahove-average decline of 8 ahead of today's interim results, while Hanson Trust relinquished S to 266p on talk of a possible probe into brick prices. Elsewhere, Photome International stood out with a Press-inspired jump of 110n to 350, while Bestobell gaioed 5 to 297p and Hepworth Ceramic hardened 2 to 162p for the same reason. It mand ahead of Thursday's interim results lifted Extel 7 to 345p, after 350p. Booker McCondell hardened 2 to 221p following acquisition news, but Somie plummeted 8 to 35p on news of the annual profits setback.

Among Leisure issues, Please and the dollar induced persistent offerings from the Continent and Johannesburg which eventually left many of the leading issues at the day's lowest.

The Gold Mines index dropped 14.2 to 561.6, a decline of 19.6 over the past two trading days.

Recently-bunyant Australians finally ran out of steam, following the downlum on Wait Street.

Rellecting persistent offerings from the Continent and Johannesburg which eventually left many of the leading issues at the day's lowest.

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Recently-bunyant Australians finally ran out of steam, following the downlum on Wait Street.

Rellecting persistent offerings from the Continent of 19.6 over the past two trading days.

Recently-bunyant Australians finally ran out of steam, following the downlum on Wait Street.

Rellecting persistent printi-laking the downlu

back.

Among Leisure issues. Pleasurama rose 5 to 360p following reports that the group was in talks about the possible sale of part of its gaming business. Recently-firm Samuelson Group slipped 20 to 900p in the absence of further interest.

Motor Components again

slipped 20 to 900p in the absence of further interest.

Motor Components again attracted a fair measure of sttention. Lucas Industries remained lively following weekend comment on the company's recovery potential in the wake of last week's impressive full-year results; down to 256p in Initial trading, reflecting sporadic profilitaking, the shares soop attracted forth downed and year steadily. trading reflecting sporadic profiltaking, the shares soon attracted
fresh demand and rose steadily
to settle 8 net 8 to the good at
268p. Jonas Woodbead spuried
4 to 36p in response to news that
Mr Roo Brierley's IEP Securities
has acquired just under 11 per
cent of the equity.

Business in the Property sector remained in low key. The
leaders barely stirred, but secondary issues projided a few noisand the shares should be should be seen at 1996
LOANGE 1996
Nationwide 84th Sec 20 11 per 28 84

NEW HIGHS (82)

Treas 3pc 1906 LDANS (81)

Natiomeride Bids Soc Do 11 apr 9 85
12 apr 5 8 85
Do 10 ppc 27 85 pr ind 11 apr 19 85
Chinese 4 apr 198 Do Spc 1913
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Brown Shioley

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Forshaws Burtonwood
Buildings (4)
Baggeridge Brick Gleeson
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CHEMICALS 122

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CHEMICALS 122

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STORES 110

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Energits

CHEMICALS 122

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Energits

Energits

CHEMICALS 122

Energits

E worths movements.

Shippings attracted occasional interest Iollowing Press reports of a proposed rationalisation of UK container fleet operations. P & O which bas a 47 per cent holding in container group OCL, advanced 5 to 305p, but Trafalgar House eased a few pence to 305p.

Textiles were mixed. Revived

speculative demand lifted S. Jerome 8 to 56p, but Bulmer and Lumb, due to reveal mid-

and Lumb. due to reveal midterm results tomorrow, eased a
few pence to 79p.

Investment managers Ivory
and Sime rose 7 to 65p in response to the interim figures.
Stockjobbers Akroyd and
Smithers eased a few pence to
370p awaiting today's annual
figures.

Oils nervous

Leading oils gave ground at the outset, unsottled by revived worries over OPEC's ability to sustain crude oil prices, and remained nervous throughout libe day. BP dipped to 496p initially, but later picked up to close a couple of pencs harder on balbnry Schwepper slipped to 152p, but subsequently rallied to close a unchanged 2154p, while Unigate settled a penny dearer on balance at 149p, after 147p. Secondary lissues featured Culleus Stores; the Ordinary and A rose 25 closed 4 off at £40}, Tricentrol held at 210p, shead of Thursday's place to 435p and 325p respectively following news that St Pauls Stores had iocreased its holdings in both classes of shares and may leach a counter bid of Thursday's half-timer lifted Hunter Saphir 7 to 185p, while Meadow Farm Prodocts. Interim results due on Friday, firmed S to L47p. Press comment stimulated USM-quoted Brewmaker, up 4 st 38p.

Hotels and Caterers finished a shade firmer. Grand Metropolites hardened a couple of pence to 131p, as did Trusthouse Forte. to 135p; the latter has acquired the outstanding 40 per cent of Airport Catering Services.

Mining markets made a poor start to the weak. The marked weakness of Wall Street on Fri-Photo-Me jump

Overshadowed by the forthcom
Weakness of Wall Street ob Priday night, a general decide io metal prices and widespread profit-taking left all the major sectors showing losses.

EQUITIES

tive Golds encountered renewed

Bentalis STORES IGNORMER R.
Bentalis Lincroft Kiloour
Boov Shop Intl
Boov Shop In

Home Charm
ELECTRICALS (4)
Microflim Zepro Scuntronic
Sarasota Tech Telecomon
ENGINEERING (4)

rally in equities							
South African G	iolds were par-	Pariouni Later Later Rounn dato dato	_ Stock	+ 01	7 × 0 × 0	Cavared	P.E.
lirroughout the ses by the casier bulli closed a oct \$3.25 an ounce. Selling by no means sub- firmer trend in duced persistent assed a quiet session and closed easier throughout. Melal Box an 352p, sustained an ahove-aver- age decline of 8 ahead of today's interim results, while Hanson lirroughout the ses by the casier bulli closed a out \$3.25 an ounce. Selling firmer trend in duced persistent the Continent and which eventually line leading issues	en price which down at \$340 97 pressure was stantial, but a the dollar in offerings from Johannesburg left many of 197	F.P 150 144 F.P. 22:11 93 85 F.P. 23 11 110 102 F.P 155 113 F.P 255 165 F.P. 5:12 183 134 F.P. 2 11 120 100 F.P 22 13 F.P 92 86 F.P. 16:11 226 912	CAlida	-1 -2 -1	16.0	1,9 6, 2,3 1, 3,0 3, 2,6 1, 2,6 4,	3 11.7 4 8.4 5 11.4 29.0 5 16.3 2 17.0
Trust relinquished S to 266p on talk of a possible probe into brick prices. Elsewhere, Photo-me International stood out with a Press-inspired jump of 110p to 950, while Bestobell gained 5 to 297p and Hepworth Ceramic hardened 2 to 162p for the same reason. It mand ahead of Thurs-last week's best property of the same reason. It mand ahead of Thurs-last week's best property of the same reason. It mand ahead of Thurs-last week's best property of the same reason. It mand ahead of Thurs-last week's best property of the same reason. It mand ahead of Thurs-last week's best property of the same reason. It mand ahead of Thurs-last week's best property of the same reason. It mand ahead of Thurs-last week's best property of the same reason. It may be same reason. The Gold Mines of the G	index dropped lecline of 19.6 trading days. t Australians sleam, followont prinfit-taking st performer 110	F.P. — 180 160 F.P. = 113 95 F.P. 28.11147 118 F.P. = 32 27 F.P. = 153 149 F.P. 16 11 111 10 F.P. 16 12 200 184 F.P. 9 11 112 96 F.P. 30 11 123 113	Hinstem 10p. 195 -Klarh Teknik 50 110 -Mooth Thotogy 20p 145 -Mooth Thotogy 20p 145 -Monument Oil 60. 29 -S.M. Infl. 153 -Poinsmee 10p 74 -Second Markelinv.5p 11 -Share Grug 100 120 -T. &S. Storee 5p., 111	: :#: :	ng1.5 u0.0 ug:.58 pg 5.75 bg 3.0 ud 1.7 pg 7.62 ud 3.75	4,7 0,1 3,9 2 : 2,6 4,1 1,4 5,1 3,0 ; 3,0 ; 2,1 4,1	2.11.0 B 58.7 5 14.4 0 11.2 B 9.5 3 12.2 4 70.5

FIXED INTEREST STOCKS

RECENT ISSUES

tive Golds encountered renewed	I	
support, especially Kitchener Mining, which hardened 3 more in a 1984 high of 145p and Whim Creek, 8 higher at 1885.	Price of Fee High Low	City 109
Demand for Traded Options declined from recent levels—total contracts struck amounted to 3.667, well short of last week's duly average of 5.267. P & O Deferred, however, continued to attract operators' interest and recorded 522 calls, 300 struck in the November 280's which firmed 4 to 27p. P & O also recorded 230 puis. GEC attracted 282 calls, the majority of which were transacted in the January 220's.	F.P. 2 12 2050 160p Elowick Hopper 8 Gv.Cun. Pf. 92 94 1 100 110 24 1 101; 6 Estate Prop. Inu. 10.1 Gru. 43 91; 1 101 6 Estate Prop. Inu. 10.1 Gru. 43 91; 6 Gable Hac. Prop. 10.2 Gru. 43 91; 99.199 125 15 3 98 m 24; Lon. Shop Prop. II-: 1st Mort. 0 c0. 708 199.199 125 22 11 33 22 Mortoy 11 12 Deb. 2009 - F.P 1004 99; Nationwido Blog. Soc. 11; 8da, 14 10 9; 1 10 10 10 10 10 10 10 10 10 10 10 10 1	630 - 3 09 100 170 170 174 174 175
	l	

"RIGHTS" OFFERS

Deal-

ings

Isene . 22	Latesi Ronune,	199	4	31ock	Bulg 80	+ 0
brice er	dale	High	Low		. <u>§</u> =	_
80 · Nil 38 F.P. 00 N.I 110 N.I 240 · F.P. 30 · Nil 205 NII 205 · Nil	12,11 15:12 16:11 7:12 19:11 6/11	3pm 49 10pm, 36pm 323 4pm 14pm 127	5pm 27pm 293 5pm 7pm 118	All woods Baynes Chorloe: 100,. Cainorian & General Oo. Cao 71,p, CASE 20p. 0 71,p, Jacks : Wmi., Souereign Oil,	10m 49 50m 205 4pm 70m 123 100pm	

OPTIONS ACTIVE STOCKS

	Last	Last	ror	About average ecliuity	M SEW	OIC
	Deal-	Declara-	Settle-	the following stocks y	esterday	
	lngs	tion	ment		Closing	D
9	Nov 30	Feb 21	Mar 4	Stock	price	ch
3	Dec 14	Mar 7	Mar 18	BPCC	165	+
•	Jan 4	Mar 21	Apr 1	Oabenham's	207	_
ď	e indica	tions sec	end of	Hanson Trusl	268	-
T)	inform	otion Sc	rrice	Lucas Inda	268	+
	Last	Last	For	NatWost Bank	555	
	Deal-	Declara-	Settle-	P. & O. Delerred	305	+
	Ines.	. tion	ment	Racel Elecis	203	
9	Nov'30	Feb 21	Mar 4	-Sedgwick	279	+
		Mar 7		Sliong and Fisher	t50	+
•		Mar 21		Tate and Lyle	430	+
.,		tions see		Woodhead (J.)	.76	+
		iation Se		Woolworth	560	+
Ŀ	111110111	ad for t	117CG			

Stocks favoured for the call included Combined Technologies, EDERRY Capital, Tootal, Danks
Gowertoo, Stylo, Liberoft Kilgour, Strong and Fisher, Aran
EDERRY and County Properties.
Puts were arranged in Dunlop
and Westland. A double was
struck to Polly Peck.

FRIDAY'S

ACTIVE STOCKS

Based on bargains seconded in Stock
Eachange Official List.

RISES	AND	EA		2
				3
YESTE	KDA			
6 Mar. 6 -4		Riseo	Folis	5en

E2 I EKDA	ľ			Burton
	Riseo	Folis	s Semo	8P
tish Fundo	4	89	11	GUS A
pns. Dom. and				Hambro
oreign Bonde	25	4	49	9AT In
ustriele	223	297	895	Lucoe
. end Props	68	148	315	Aconc.
	26	43	56	Qunlag
ntatione	1	2	14	Energy
Me	19	89	72	In1 Sig.
ers	53	64	28	Smilhs
ale	419	736	1,498	9utmah

Lucas inds	-69	+ B
NatWost Bank	555	_
P. & O. Delerred	305	+ 5
Racel Elecis	263	_
Sedgwick	279	+ 1
Sligng and Fisher	t50	+ 5
Tate and Lyle	430	+ 8
Woodhead (J.)	76	+ 4

		NO. al	Fri.	Onla 2
	Stock	changes	closa	rhango
•	Orbanhams	16	210	+ t2
	Royal Insto	16	517	÷ 17
	Burton	15	293	+15
emo	8P	14	503	+13
11	GUS A		660	+ าฮ
	Hambro Life		455	+ 12
49	9AT Inds	12	276	→-11
895	Lucoe Inde	12	260	+ 7
315	Accoc. Opinoe	11	160	+ 6
56	Ounleg		27	- 6 + 2
14	Energy Capital	11	41	4 2
72	In1 Signal & G	11	297	+10
38	Smiths Inds		645	+- 33
498	Sutmah Oil	10	203	+ 3

EUROPEAN OPTIONS EXCHANGE

ſ	Serie	ee '	Vol.	Last	Vol.	· Last :	Vol.	Last	\$10ek
	ROLD C GOLO C GOLO C GOLO C GOLD P	\$350 \$360 \$375 \$380 \$400 \$325	-	10	15	9,80 	10 10 10	99	£343.40
L				Dee.		Mar.	J	ine	
	SILVER C SILVER C SILVER C SILVER P	57 58 19 58 F1.330;	10	0.45 18.70 8	10 13 14 —	1.05 0.43 0.20	_	1.60 0.90	\$7,56 - :: F1,336,90
	SIFLE BEFFE	FI.340; FI.343. FI.330; FI.303; FI.310 FI.315; FI.320; FI.325;	50 	3.70 8 9 1.108 1.20 1.20	1 3 14 80	4.70	_	12.50	
	S:FL P S:FL P 8:FL P	FI.330 FI.340 FI.343 FI.350	21 4 -	8.60	9 3 1	16,20 A 18 A 23 A	=	Ë	: "
H		J. 750	65 :	ın.		Apr.	Jul	•	·-· 750
	ABN G ABN P AEGN C AEGN P AH C AH P AKZO G AKZO P AKZO P AKZTI P AMRO P	F1,360 F1,320 F1,130 F1,130 F1,180 F1,180 F1,90 F1,100 F1,70 F1,60	196 55 16 90 54 623		36 91 3 10 8 914 699 870 325 222	9.20 10.70 9 15.60 2 9.50 5.40 6.20 10 11.70 8	- 6 6 79 74 184	7.50 7.50 7.30 7.30	FI. 128.50 FI. 176.50 FI. 11.90 FI. 11.90
	GIST C GIST P HEIN C HEIN P HOOG C HOOG C KLM C KLM C NEDL C NEDL P	F1.160. F1.160. F1.140 F1.60 F1.65 F1.45 F1.45 F1.45 F1.150	41 71 13 120 353 246 432 529 186 98	4.30 7.60 1.30 6.10 4.60 5 1.20 5.70 3.60 9.30	12 24 61 14 125 9 110 170 128	5.70 98. 38. 6.60 6.60 4.70 2.80 6.10 8.30	4 10 4 90 8 24 69	3.80	FI.150.70 FI.137 FI.60.80 SFI.40.10 .FI.142
	NATN C NATN P PETR C PHIL C C PHIL C C PHIL C RO C RO C RO C UNIL P	FI. 240 FI. 250 FI. 250 FI. 50 FI. 55. F. 60 F. 55 FI. 170 FI. 180. F. 170 FI. 300 FI. 280	14 16 306 557 365 528 438 421 476 420	4.30 7.40 4.50 B	16 206 642 733 85 43 178 78	250 6.10 3.40 1.60 3.70 11.80 7.30 6.90 12.208 7.50	47 102 125 6 2 28 10	6.70 4.40 2.40 4.70 8 14.20 8.60 2.50	FI.240. Fr.7220 FI. 93.30 FI170.90 FI.295.50
I	TOTAL VOL	UME IN CA A=As		CTS: 26 B=Bid	,046 G=	Call	P= Put		
il		- Ha	-		-		a.		

				LO	NDC	N	TRA	DED OF	PTIC	NS					
ł			ALLS			PUTA		1			ALLS			PUTS	
Option	1	Jan.	Apr.	Jly.	Jan.	Apr.	Jiy.	Opt	оп	Nou.	FeO.	May	Novi	Feb.	May
B.P. (*303)	390 420 460 500	123 93 60 24	100 65 35	73 43	2 3 9	4 6 14 27	23 35	Imperial Cp.	140 160 180	9 1 78	34 15 15	37 19 10	1 15	1 2 1 5	20
Cons. Gold	460 500	8 60 35	17 70 42	- 66	53 19	18	90	Lonrho	300 330 360	59 e8 6	68 47 67	76 53 37	1 10	17	14 20 35
	550 600 650	35 17 9 21:	24 - -	30	60 107 157	72	50 80 —	1*155)	140 160 180	16 14	91 10 3	24 13 51 ₈	0. 6 25	12 28	6 15 69
Courtaulde 1'1241	110 120 130 140 140	18 10 5 3	21 13 81) 41;	17 11 7	10 1B 28	3 7 12 20	9 14 22	P. & II.	260 280 300 330	47 27 8 11:	56 37 22 11	60 44 28 17	28 28	1 1 0 3 2 1	5 B 21 3B
Com. Union	180	18 8 312	22 15 7	26 17 10	6 17 35	10 20 37	10 23 39	Raepl I'970	220 240 260 280	59 32 12	68 40 24 13	64 46 32 20	1 2 12	6 4 10 22	3 6 13 20
G.E.G. *223)	160 180	68 48	74 34		35 2 2	2 2	 - =	R.T.Z. 1*6291	550 600 650	30 30 30 21 ₂	142 93 87 30	105 68 38	2 11: 25	11: 9 18 45	13 26 50
	200 620 240	30 15 7	39 24 13	46 30 20	2 7 22	11 26	6 14 28	Vani Roole *5104:	100 110 190	141± 5 1 01 <u>:</u>	18 121 <u>:</u> 8 6	301: 151 101:	033 133 6 16	8 13 191;	10 18
Grond Mat.	280 300 330 360	40 22 7 3	47 39 14	52 37 22	4 7 25 52	17 35	10 e0 38	Il ptior		Oee.	Mar.	June		PUT5 Mar.	June
I.C.1. 1*6681	500 550 600 630 700	166 116 70 36 12	170 120 80 46	76 30	2 e 4 16	2 3 11 26	- - - 54 62	8eeeham (*355)	300 330 360 390	60 35 12 3	63 42 20 B	30 14	2 6 18 40	10 23 45	- 88 47
Land Sec. 1°3041	260 280	47	25 52 36	43	1 46 1	52 3 6	-:- B	Bass (*428)	360 380 420 460	49 22 5	33 27 12	85 58 52 17	2 4 13 40	5 22 45	14 27 60
Marke & Sp.	300 330	15 4 25	25 8	30 14	30	14 35	36	Po Bears (*54,80)	500 550 600	45 20 10 6	70 50 33 20	85 65 40	12 37 75	60 90 130	37 70 100
(*122)	110 120 150	17 9 31 <u>5</u>	21 12 7	24 17 10	3 6 t2	3 8 15	12 18	Guost Koen (*185)	140 160 180 200	48 28 11 3	62 33 17 91:	39 24 15	2 2 5	5 2 20	8 14 26
ahell Trans. (*653;	500 650 600 650 700	142 22 47 22 8	148 98 62 38 20	75 47 26	5 12 27 73	4 8 20 36 78	25 40 82	Hanson 1*2671	200 220 240 260 280	68 48 28 14 6	71 51 32 19	54 36 26 13	11: 2 3 8 19	2 3 5 13 23	B 5 17 25
Tralal2'r He. (*306)	260 280 300 330	48 28 17 7	53 36 25 11	51 15	2 4 10 33	3 B 15 34	_ 20 36	Joguar (*212:	160 180 200 220	63 33 15 41 ₂	58 58 24 11	44 30 1B	1 2 4 12	3 9 17	5 12 20
		C	ALLS		P	UTS		Teseo i'213i	200 220	36 16 6	39 20 10	43 27 15	2 4 13	5 6 16	6 11 19
BAT Inds.	240 260 280	33 13 3	Fc0. 40 24 16	45 30 22	1 112 12	Feb. 4 10 27	6 13 35	FT-SE Indox (*1167)	1050 1075 1100 1125	173 148 123 28 85 63	183 157 155 112 98 78	- - 110 88	1 2 3 4 5	4 6 10 14 22 27	27 27 35
Barelaye 1*509.	450 460 500 550	95 55 15	102 67 37 15	t07 77 50 27	1 1 5 42	2 7 20 45	12 26 57	Nov. 18, Tot	1150 1175 at Cont	42 26	50 44 3,667 9 secu	75 60 Galle 2	19 29	55 50	53 66

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS					Mon Nov 19 1984					Nov	Wed	Toes Nov	Year ago
& SUB-SECTIONS				<u>l</u> .					16	15	14	13	(approx.)
Fig	pures in parenthes stocks per		number of	Index No.	Day's Change	Est. Earving: Yield % (Max.)	Gross Ohr Yield* (ACT: 30%	% Ratio	index No.	Index No.	index No.	Index No.	Index No.
1	CAPITAL GOODS	s (205)		544.0		9.46			546.73 515.51	546.96 514.55	556.28 516.87	558.82 519.79	446.54
2	Building Material Contracting, Cons	s (23)	200	514.1 722.3		12.54			721.96		723.51		682.13
3	Electricals (14)	a octobri c		1580.9	2 -8.7	10.42	4.7	7 12.05		1586.56	1593.39	1600.01	
5	Electronics (34)			1946.7		7.23			1957.48 266.62	1965.37 266.16	2034.24	2949.85 255.87	194.98
6	Mechanical Englo Metals and Metal			266.0		14.00			164.32		168.26		
8	Motors (17)			136.7	6 -	7.64	4.9	5 —	136.81	137.15	138.41	140.52	110.15
10	Other Industrial M	laterials (177	764.9		10.16			768.46 576.27	763.65 570.05	767.33 577.02	767.44 579.39	551.46 446.20
긢	CONSUMER ER	Bur (23)	7	574.5		12.00			546.51		552.58	,	447.74
25	Food Manufacturi	ing (21)		454.3	3 —	12.46			454.43	452.96	456.96	459.11	351.54
26	Food Retailing CL	2)		1957.		6.85			948.29	1330.17 962.56	951.41	1362.25	1033.01 726.42
27	Health and House Leisure (23)			636.6		8.51	4.8	3 15.31	631.48	432.09	635.49	638.70	578.27
32	Newspapers, Publ	lishing (1	3)	1339.		9.07			1536.54 265.69	1531.77		1337.81 266.79	975.69 205.17
33	Packaging and Pa	per (14).		265.2 526.1		13.67			529.51		265.55 529.40		
34	Stores (46)			289.3		13.31	4.7	5 8.66	291.19	290.22	292.14	292.21	225.58
35 36	Tobaccos (3)			729.1		17.29			741.05 493.74	717.58 493.78	726.31 497.03	739.54 501.31	457.38
39	Other Consumer (502.4		10.01			504.49		505.01	505.45	
41	Chemicals (17)		·	659	59 -8.8	13.47	4.8	9.47	465.02		669.70		576.24
44	Office Equipment	(4)		9143		9.25			344.72 911.78				
45	Shipping and Tras Miscellaneous (5	isport (13	· · · · · · · · · · · · · · · · · · ·	710.		7.56			712.10		71011		
\$	(MDUSTRIAL GF			5604		9.92	3.9	5 12.48	561.86	558.48	565.41		444.55
51	0is (17)			1087		16.00			1095.67			1088.69	
59	500 SHARE IND			604.		18.85			405.72			611.02	484.76 354.36
61	FINANCIAL ERO Banks (6)	Mb (779)	404.4		23.36	6.9		494.32		420.96		368.33
62	Discount Houses	(6)		472.5	- 20	_	6.4	7 -	472.99	472.67	47L82	476.15	
65	hisurance (Life)	(9)	····	526.2		-	51		531.93 300.45		526.66 296.37		474.29 246.04
66	Insurance (Compo	ositel (7)	·	298.		2.02			633.33				
67 68	Marchant Ranks I	(12)		206.	4 -0.3		5.0	5 -	207.19		208.69		212.39
69	Property (53)			\$24.5 246.6		5.25 12.18			623.63 248.14	620.37 248.41	627.24 251.06		507.67 255.01
70	Other Floance C.:	(7.05)	<u>-</u>			-	3.5		548.76		-		451.49
71 81	Mining Floance			289.2	-0.5	20.74			290.72				264.29
91	Overseas Traders	(14)		506.		9.97			586.23			576.78	
99	ALL-SHARE HIT	EX (731) <u></u>	552.		+=	4.5		32-63	332.11	325770	559.09	451.95
				Inde				_					
	FT-SE 100 SHAL	RE INDE	<u></u>	1167	A -6.1	1167.5	1162	9 —	1175.5	1164,9	2182.5	1183.7	<u> </u>
						_ 1	AVI	ERAGE CR	220		Mon	Fri	Year
	Fi	KED	NTER	EST		ı l		DEMPTION		5	19 .	Nov 16	age (approx.)
				F-4			8:	Hish Gover	nerek	\rightarrow			_
	PRICE	Mor.	Day's	Frit I		로 보다. 1984	1 10	-	5 years.		10.37	10.36	9.61
	INDICES	. 19	change	16		10 date	2 Co		5 years 5 years		19.17 9.73	18.12 - 9.73	9.69 9.65
_			 - -				4 Me	' سخة	5 years		19.81	19.75	10.87
	Dritish Contrament	118.52	-0.05 2	18.62	- 1.	10.53	5 Co		5 years.		18.55	19.51	18.48
	5 years		-0.25			12.20	6]		S years		2.96	9.93	28.80
	5-15 years	132.61	1 1	1		1218	7 Hig 8 Cor		5 years L5 years		16.85	10.79 10.67	11.00
	Over 15 years	3/11.25		A1.57		13.34	9		5 years		19.08	18.05	18.09
4	irredeempbles	152.63	1 1	52.75 *******	, ,		_	edeemables .		<u>t</u>	9.60	9.58	9.62
_5	All stocks	139.72	-019]	30.97	 - 	11.72		hs &	5 year		11.62	11.57	11.51
	6 Schestures & Louis 110.23 -0.01 1			10.24	! 	10.19	12 Les 13	Jes	15 year	S	11.53	11.51 11.45	11.51
$\overline{}$		 	 -†			631		eference	و المارات	#	12.77	12.75	12.19
7	Fréference	76.98			COVERN			LINKED ST	DCKS				
_	<u> </u>			_	3	-244		ation rate			3.42	3.41	3.15
8	All stocks	197.92	-0.19 1	08.33	-	-644	16		109		3.23	3.21	2.96
			<u> </u>	_								_	

WENTHY-

That's BTR	1984 Stock Price + or Div	7 High Low Stock Price - Net Corriers P.E. 9 240 202 Vann. 233 109 08 22 55 10.2 24 122 Whithread W. 197 - 2 6.25 25 45 10.2 4 260 20 60 60 60 60 60 60 60 60 60 60 60 60 60	52 - 35 - Hen Lichni So	25 9 (Statement No. 100) 24 - - - - - - - - - - - - -
BRITISH FUNDS 1984 Price + or Yinid Birth Line Stock E - left Red.	11 7710 Amelai 5c 847p -15 23c 1 27c 1	BUILDING INDUSTRY, TIMBER AND ROADS	153	40 November 10 114 04 16 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18
"Shorts" (Lives up to Five Years) 1054 101, hress 150: 1985	444 Z7- Banters N. V. S10 424 4 5 2.45 4 6 6 6 4 6 4 6 4 6 6 6 7 6 7 6 7 6 7 6	7 35 22 Warnen lee Hildes 22 24 4 77 36 Arneufde 100 46 22 1 \$ 6.8 22 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	152	83 46 Barges Protects 26 -1 2.5 16 11 12 220 269 2
102 96 1 1 1 1 1 1 1 1 1	361: 244 Enterplier 7 region 254 50c 1 374: 274 Daze Whit \$12.5 344 31.65 8 261: 177 Demois Rev Vort 254 52.60 8 314: 227 Destroy Prof \$1. 29 13.10 27.75 13.10 27.75 13.10 27.75 13.10 27.75 13.10 27.75 13.10 27.75 13.10 27.75 13.10 27.75 13.10 27.75 27.7	4 63 45 Bert Bors 20p 52 22.55 0.7 7.3 (31) 50 405 349 Bootslers 20b 56 21.07 5.5 4 12.3 56 495 355 Elea Carde 61 485 19.0 2.9 5.6 7.3 57 15 184 Breedon Love 190 46 +1 1.2 11 (4.9 12.7 1.9 1.9 1.9 1.9 1.9 1.9 1.9 1.9 1.9 1.9	25 18 S&II Stores 12 5 39 194 14.4	605 400 Cheming 50 400 - 5 77.8 4.3 2.3 15.6 160 17.9 19.4 42 28 Christy Bros. 77 20 11.9 19.4 17.7 25 Chayton Soo 500 61
86.5 83 Exp 27 197 86.5 4 28 9.19 105.1 90-12 105.1 907 100-12 10-10 97.1 97.1 105.1 907 99.2 10-10 105.1 97.1 105.1 907 99.2 10-10 105.1 97.1 105.1 907 99.2 10-10 105.1 97.1 105.1	22 14% Colgate P. SI	18	177 98 Stenberg 109 102 -1 10.77 & 9.0 14.131 17.7 17.7 18.77 & 9.0 14.131 17.7 18.77 & 9.0 14.131 18.77 & 9.0 14.131 18.77 & 9.0 14.131 18.77 & 9.0 14.131 18.77 & 9.0 14.131 18.77 & 9.0 18.77	129 99 Cross House 129 41 6.4 17 7.1 11.9 134 75 125 129 129 136 137 136 137
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123 5% th) Figures in parentheses show RPI base month for indicating, in a month's prior to base. RPI for March, 1964; 345.1 and for October, 1984; 397.7. INT. BANK AND O'SEAS GOVT STERLING ISSUES 825-[Autom Der 8t 104-pc1,0209-] 1224 1056[Australia 139-pc 2010	BANKS, HP AND LEASING 1984 Stock Price - Next Cryst Graine	10 12 12 12 12 12 12 12	210 82 FMAT Comparing St 200 11.68 3.1 12 78.3 119 1105 FMedicarware (n. 10p. 3.63 102.53 4.1 18 11.8 15.8 360 22.5 Meme (10p 290 47 11.95 3.4 10 44.3 300 70 FMemory Compare (np 80s 103.00 4.0 3.2 0 5.5 5.5 5.5 Memory Res Sci 380 103.00 0.0 30.0 0.0 30.0 0.0 30.0 0.0 30.0 0.0	83 38 Weign 46 47 1.5 125 125 125 125 125 125 125 125 125 12
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HIGHER TRANSPORT TURNED NOT THE PARTY OF THE Financial Times Tuesday November 20 1984 39 INOUSTRIALS—Continued | LEISURE—Continued PROPERTY—Continued INVESTMENT TRUSTS-Cont. | 2984 Stack Price - Mot C'w'Sc's PFE High Low Stock Price - Mot C'w'Sc's PFE 1984 High Low Stock **NOMURA NEW-ERA INVESTMENT** OFFICES WORLDWIDE 3 Gracechurch Street EC3V 0AD Telephone (01) 283 8811 MINES—Continued 1984 | Slack Price - Net Cw Ers Central African Australians Miscel aneous
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Juli, Unless subervice indicated, prices and net thodoreds are in pence and of chambinghous are 250 Estimated price-comparing rations and covers are based on bere, annual resports and accomman, and, where possible, are updated on half-printy figures. PES are calculated in the control of the print REGIONAL & IRISH STOCKS OPTIONS - 3-month call rates | Finance | 150 | Michael St. | 150 | 155 | Michael Michael St. | 150 | 150 | Michael Michael St. | 150 | Michael Michae Finanti
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INFORMATIO Financial Times Tuesday November 20 1984 **AUTHORISED** Greette & Sec. Life Ass. Sec. Line 44, London Frod Luchance, El to CU 6 London Frod Luchance, El to CU 6 London Sec. 43 97 Lundhance, Sec. 45 97 London Sec. 45 199 London G & 5 Super Ed. El 179 | Primer Series Life | 10-1.8 | 170.0 | 40.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 170.0 | 06.902.405.605.105.107.7100.1 -02 095 +00 123 -02 625 -04 001 +01 123 -08 136 -08 160 770 | 120 9 476.4 285 6 313 5 177 9 138 4 271 6 641.0 FS Investment Managers Ltd. 199 West George ST, Glasgow 041-332 6462 FS Balance Uwth to 1116 1 146 748 1 Hexagon Services Ltd. 4 GI St Helens, London EC3P. 3EP +0.2 +0.2 +0.2 0 9 1 Scottish Unit Managers Scottish Widows' Fund Management P.O Box 902, Edwingh EN16 5811 031-651 Pea Eq Nov 19 1179 5 191 01 + 1.8 eder Insurance PLC de, Surrey, RH2 8BL 07 p Prop 809 6... 124.3 137.77 Pers. 8ct 10 - 191 70 197.63 07372 42424 Robert Flaming & Co Ltd 8, Crosty Square, EC 3A 648 PAm Energy 1 lb 11: 274 44 280 Hap Lempt 1 lb 11: 276 43 32 PAm Prop 1 43 17 11: 276 43 32 Prop 1 3 (274) 12: 276 44 Black Horse Life Ass. Co. Ltd. 3403, High St., Chatham Black Horse Man FG [275.73] Managed Im. FG = 184 88 104 at Property St. F.T. CROSSWORD PUZZLE No. 5,574 Son Alliance Fond Management Ltd., Sun Alliance Hist. Horships **ACROSS** 1 Nobleman, defeated, used to send Apotto up (5-4) 6 Church article on old style irregular mass (5) 9 Insurgent of the more bellicose kind (5)
10 Peto(semi-opening in such photography? (4-5)
11 Shaw's captain has money tied up (10) 12 Star part taken by Bassanio? . 89.0 92.0 197.4 201.4 14 Road crossing? (7)
15 Chambers, perhaps, for (awfigure much venerated (7) Canada Life Group
2-6, High St, Potters Bal
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11 17 China holds a divine, novel sort of crowd (7) sort of crowd (1)

19 Inattention increasing cardiac weakness? (7)

20 Common grub feeds (4)

22 Everybody repeat "Peter Piper picked a peck" etc? Harrest Pres Field ... 1791 5 Lampham A Phan ... 97,1 Prop. Bond ... 276,3 Wisp ISP1 Man Fd. ... 1[23] 3i & Target Fund Nigrs Ltd Target House, Gatehouse Poad, Aviesbury 1029a) 5941 Small Cd's Fund. ____ Job 4 7 National Westminster see County Bank pate Unit Trust Managers Ltd. (c)(y) on Wall Bides EC2M SPU. 01-030 1212J 0.7 Logal & General Kindsawood Robbe Ki20 6EU Cash seital Do. Accurs Equity Install Do. Accurs Install Do. Accur (10) 25 Foolhardy and audacious to Northquir-Nov 15..... [14].3 148.4 4.20 14ccum (1015) 171 4 180 9 4.20 embrace redhead (9) 26 Early festival does not begin for Daisy (5) 27 Right sort of harness (5) 7 Diurnal repellant of GP? (5) 24 Get up and go for drive? 8 In this performance, tend paces carefully (4-5) 28 Wild-eyed satyr of most recent times (9) 13 Bug affecting E. Texas pear DOWN

1 C. American language about a wife? (5)
2 Impartial Sinbad use change? (9)
3 Charming, like a Scott novel (10)
4 Result of night call to Maud?

13 Bug affecting E. Texas pear (10)
4 Cartifying many in home decorating (9)
6 Caught short on diplomacy, edition telephoned (9)
7 Tate, for example, has allergy brought under control (7) DOWN 4 Result of night call to Maud? tro) (7) 19 Blue bloods of Paris tossed Pearl Trust Managers Ltd. (a)(g)(z) 252 Help Helborn, We 17 FeB 614 5 No talking-bird left, soaside? (7) 21 Fish right for a heavy Chieftain Assurance Funds
11 New Street EU/M 410 6 Vegetable for a merry drinker (5) Assicurazioni GENERAL(S.p.A. 23 Noble-like and forward (5) monarch (4) 144.5 150,al Rest tab das Nos 1.

123 Page 184 Paratian of Line by April

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important, to take measures to

Dr R. E. Fort, an FAO expert.

lise it at the higher mark."

He said the Government's attention had to focus on cul-

tural practices, zonal allocation of different varieties of cotton,

purity of seeds, pest-control, im-proved methods of packing and

ginning and making production inputs available to farmers through dealers and co-opera-

Dr Hesbamul Haq, vice-president of the Pakistan Central Cotton Committee (PCCC), which overseas development of new and bettar varieties of cot-

ton seeds, said two research institutes bad been established

to study all aspects of cotton production, soil and climatic conditions and to evolve the best strains for growth.

been ovolved. A new type— CIM-70—had sbown signs of

being far less sensitive to bigb temperatures, a problem pecu-

Several different strains had

weather aberrations."

UN based in Rome.

Disillusioned selling hits copper

By Our Commodities Editor

DISILLUSIONED SELLING cut London copper prices yesterday, following the easier trend in the New York market on Friday evening. The cash price for higher-grade copper classed £18.25 lower at £1.055 a lonne.

Dealers said speculative selling was triggered in New York when the December position there alipped back below 60 cents a pound. There was some disappointment in London yesterday at the small fall in London Metal Exchange ware-

house stocks last week.
Lead values were 9lso depressed by the lower-than-expected decline in warehouse stocks and the easier trend in

LONDON METAL EXCHANGE

11 MAG	MOOR SICEIO	
(Changes in	week ending No	v. 10
Aluminium	-2.700 ro 1	37,62
Copper	-250 to 1	
Lead	−825 to 3	
Nickel	+450 to	
Titt	+350 to	
Zinc		35,30
	(tonnes	<u> </u>

+370,000 to 51,748,000

 Proposals to sllow the buffer stock to operate below the International Tin Agreement

Council meeting but was opposed strongly by Australia

and Malaysia.

They sell their tin at the Straits tin price quoted in Kuele Lumpur which at present is not allowed to fall below the

floor of M\$29.15 a kilo.

Exporters accept Argos quits platinum Pakistan cotton poised for return cheap butter sale quotation

BY IVO DAWNAY IN GENEVA

have reluctantly accepted a compromise resolution allowing the EEC a temporary exemption for its sales of cheap butter to the Soviet Union under General Agreement on Tariffs and Trade dairy rules.

It remains unclear, however, wbether the deal is for a single one-off sale of 100,000 tonnes o 18-month-old butter at a \$450 (£359) rate per tonne. Some European Commission

officials in Brussels hinted that a further 100,000 tonnes needed to be sold under the exemption for old butter stocks to be cleared.

Agreement was reached after urgent talks between the EEC and officials from New Zealand and Australia, and was formally approved in spile of some objections from the U.S. and others, last week in Geneva. Under the resolution the Gett dairy products council found

safeguard their interests by Poppleton & Appleby, who was making similar sales at rates appointed liquidator for Argus under the \$1,200 minimum Gait Metal by creditors earlier this price. What remains unclear is

whether the EEC plans a further disposal. The commission allowed 100,000 tonnes of butter to be sold at the reduced \$450 rate to traders buying more than 50.000 tonnes of six-monthold butter.
It is understood, moreover.

that Interaga, the French com-pany, has completed a deal with the Soviets.
A further 120,000 tonnes of old bufter, however, remain in Com-munity stores. A New Zealand official made clear yesterday that under the

understanding the exemption was expected to expire within a few weeks.
It is unlikely any further sale that the Community measures to the Soviel Union could be threatenedthe trade interests of made before spring

EEC beef support cut

BY ANDREW GOWERS

A SPECIAL support-buying scheme for the EEC's bard-pressed beef producers introduced in the summer is to end International Tin Agreement floor price are expected to be discussed at the meeting of the Tin Council's economic and price review panel starting in London today.

A plan to give the buffer stock greater flexibility was discussed at the last full International Tin Council material but was discussed beef producers introduced in the summer is to end next Monday. Aid to formers who put beef carcasses into private store will, bowever, continue for another four weeks.

Both decisions were taken to be discussed beef producers introduced in the summer is to end next Monday. Aid to formers who put beef carcasses into private store will, bowever, continue for another four weeks.

Both decisions were taken by the Community's beef man-agement committee last Friday and confirmed yesterday by the European Commission. Intervention buying of whole beef carcasses was introduced

in August in a bid to prop up The debate was referred to a market under severe pressure the economic and price review from increased culling of dairy

Coconut (Phil) 5980w +20 ,91140

praine Barley Fut Jan £159.35 —0.10£110,75 Malze Wheat Fut Jan £199.10 —0.36£110.80

Nov. 19 . + cr Month

\$620z \$608

cows. This resulted from milk production quotas agreed in March.

When the support buying ends it will be replaced by the Community's normal scheme for the winter months involving the purchase of rear quarters of beef carcasses. At the same time private storage alds will

last until December 23.
Commission officials said yesterday the withdrawal 6f full-carcasses buying reflected a slight improvement in the market at the epd of the sutumn slaughtering season. They sald it had always been made clear the measure was

ARGOS METALS has agreed to withdrew temporarily from tak-ing part in helping decide the DAIRY-EXPORTING countries all other participants in the ing part in helping decide the

> Poppleton & Appleby, who was effective from yesterday, was due is a technical problem as a result of a oewly-formed com-pany. Precis (311), taking over the business.
>
> The doily price quotations

will continue to be decided by the two other participants, Ayrton Metals and Samuel Mentagu.

 LONDON COMMODITY EXCHANGE confirmed yester-day that negotistions bad been concluded for it to move early in 1987 to premises at the St Katharine-by-the-Tower detel-opment. A purpose-built build-ing, called Commodity Quay. will provide the exchange and its associated futures markets associations with trading halls which, for the first time, will allow flexibility to choose the layout of trading floor,

• THE TILBURY grain terminal unofficial strike by white-collar workers entered its 11th day yesterday after failed talks with menegement,

• GRAIN handling in Rotterdam was disrupted by a one-day strike by dockers, Green Elevator Maatscherij (GEM). the largest handling company, said. Stoppages are likely to continue in protest against state social security cuts.

• CHINA plans to import another 1.85m tonnes of iron ore next year in preparation for the opening of the 4,063 cu metre blest furnece at the Baoshan iron and steel works Shanghei.

from being the world's third- man-made fibres. largest exporter to being a net importer after last year's disaster of severe drought at plentings and pest attack in harvesting.

of over-optimism last year, domestic shortage, none the less put projected. A Karachi trade exports this year at about 1.3m bales. In two months, since September 20 when the country entered the export market, the price obtained by Pakistan has ranged between 54.25 to 52.50 U.S. cents 9 pound f.o.b.

The state-owned Cotton Ex-port Corporation (CEC) fetched up to 58 cents a pound. It was offering December shipments at 64.50 cents a pound. Last year the CEC entered the international merket in late August with offerings at 65.50 cents a offerings then were made at 81.70 cents a pound.

The CEC bad committed more than 275,000 bales last year with offerings averaging about \$1.70 cents but Pakistan Government balted all cotton exports when 175,000 bales only had actually heen

shipped. The ban was imposed as the extent of damage to the crop bad then become known. The projected 1983 production had declined from 5.2m to an actual of 2.9m bales, dawn 45 per cent.

Though the original production terget was again set at 5.2m bales for this year, the actual yield is estimated by the trade to be about 4.8m bales. These estimates are based on a exporter, globally. good crop in Punjab, the maln cotton producer, while Sind has done badly because once again it was hit by insect attack.
All-Pakistan Textile Mills
Association (APTMA) members
hope to consume between 2.6m production rose to 1.27m tonnes year. They hope to use a little from 1.24m last year.

PAKISTAN HOPES to re-enter with last when the short crop ended international workshop the cotton export market in a forced some textile units to on cotton physiology, plant-big way. It was sent reeling switch to blends of cotton and soil-water relationship breeding in high temperature and drought environment: "It is equally necessary, if not more

Producers experienced problems selling these blends, in-dustry memhers say. The mills are reported to have an invenate reported to have an inven-tory of more than 150,000 bales it fall so low, even in severe Government officials and of Sudanese and U.S. cotton trade sources, cautious because imported last year to tide over

A Karachi trader seid effort

would be needed to sell the projected exportable surplus of 1.3m bales of this year's crop. This is because U.S. exporters entered the market several weeks before Pakistan, under their 18-month future-trading arrangements which allow hedge and cover deals. They also reportedly received good prices, being first in the

world market. Hedge trading is banned in Pskistan and so the trader cannot enter the world market, which previously he used to do so early as July each year.

A Karachl trader said: "If we are allowed this facility we are likely to sell at more than 80 cents a pound, as the American did, rather than hovering around in the 52 to 54 cents a pound range."

The traders' enthusiasm to sell more abroad this year is shared by Mr 350hammed Fazil Janjna, Agriculture Mintster. He says Pakistan will re-enter the international market in a big way. He based his optimism on the good crop. Weather bas been good and pests gene-rally controlled.

In the four years 1979-82 bumper crops were harvested. These made Pakistan the third-largest

nackages aimed at producing better fibre and thus achieve high yields in years of normal weather.

= AMERICAN MARKETS =

Mr Jonjua sald ot the just- liar to Pakistan.

London tea prices show little change

By Isn Hargrenver

TEA PRICES at the London weekly auction yesterday showed little change and are not expected to be much affected by the latest manoeuvres of the Indian Tes Board to contain prices in the Indian domestic market.

The conference, attended by scientists from the U.S., Sudan, Syria, North Yemen, South Yemen, Greece and Pakistan, was sponsored by the Food and Agriculture Organisation of the At the London auction indicative prices for quality teas were unchanged at 330p a kilo. Some brighter teas, however, were Pakistani scientists are concentrating on solving these problems. Their target is to ensure a sustained and rising cotton production, because Pakistan's economy is cottonslightly dearer—a reflection of the fact that tes trade stocks of plain, teas are not matched by stocks of more highly-flavoured teas needed for blending.

In Calcutta the tea board said it had asked state governments to crack down on private hearding, which the board believes has helped drive prices higher in recent weeks.

said: "Cotton production in Pakistan has been fluctuating from a high to a low point over the past few years and it is necessary both for the Government and the farmers to pool resources and co-operate to stobles it at the higher mark." Mr R. R. Tripathy, the board's acting chairman, said that at least 160m kg remained to be least 160m kg remained to be delievered to domestic traders this year—more than enough to meet domestic demand.

He said total output this year would be between 630m and 650m kg, compared with 585m kg last year. Exports have leen limited to 215m kg.

The tea market is anxious for meet policy on tea exports for

ment policy on tea exports for the 1985 crop. Delhi is known to be considering o permanent export quota regime, to follow the ad hoc arrangements which have caused world tea prices to rise sharply in the course of the past year.

Aid to Ashanti

GHANA is making available insecticides and other goods worth about 116m cedis (£2,4m) to about 50,000 cocoa farmers in the key Ashanti producing region.

BRITISH COMMODITY PRICES

			ı	
in tonnes unless stated otherwise	Nov. 19 1984	+ 01	Month ago	
Metais Aluminium	E1100	1	£1100	9
Free Mkt		~15	\$ 1105-85	1
Cash h Grade	£1055		£1051,25 £1076,75	
Cash Cathode	£1062	-20	£1052,26 £1073	Č
Gold troy oz.	2349	-3,26	£639,25	4
3 mths	£349,25 £5967	-5.5	£346,25 £6868	
Free Bust	211.251	-1-	218:2384	: 1
Palladium oz Piatinum oz	5326.00	- 5,79	8139.75 \$326,00	ì
Silver tray oz	600,40p	9.86	\$802:510 601.85p	ì
_ 3 m ths	614,45p		616.50p	Š
7 mtbe	£9687.6	+ 26.5	£9912,6	5
Tungsten Wolfram22 941b	679/83	h	883/86	Ĭ
Zino	£623_7S	-4	1641.5 1621.6	,
Products	194AG	!	5300	ī

Cottoe Pt Jan. 32338,6 -32 12305 Catton Andex. 2 -73.98 -4.5 8126.5 kilo 467pki0 t Unquoted. v Jan. z Osc, y Jan-Feb. Osc-Jan, w Nov-Osc, t Per 75 lb flask, Ghano cocce, n Nominel, c Cents per

SPOT PRICES
Latest i+ or
CRUDE OIL-FOB (\$ per barrel)
Arabian Light

LONDON OIL

PRODUCTS-North West Europe "cil" (8 per tone

GAS OIL FUTURES The methel egain failed to ettract my real interest as prices drifted into

Month	Yest'day'	-	Busines
	0 11.5.	ī	
Nov	per tonne 232.50	ei :—1.50	235,50-82
Пес	936.75	+ 0.25	287.60-85
Jan Feb		+0.25	287.75-86 285.75-84
March	962,88	-0.75	232,76-51
April			227,58-26 226,50-26
May		+ 6.00	_
Jai A <u></u>		+6.50	=
Tumove	937 (1.	3941 lo	ts of 1

GOLD MARKETS

Gold fell \$31 to \$3421 on the London bullion market yesterday. The metal opened at the day's bigh of £3431-344 and was fixed at the equivalent of \$343.60 per ounce against \$345 fixed at \$343 in the morning and \$343.40 in the afterocon. It touched a low of \$3411-342. In Paris the 124 kilo gold bar was fixed at FFr 100,200 per kilo

(\$341.01 per ounce) in the affer-noon, compared with FFr 100,200 (\$341.58) in the morning and FFr 101,000 (\$344.80) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,890 per kilo (\$344.01 per ounce) against DM 32,950 (\$345.98), and closed at \$3431-3431 compared with \$344 | -345 | .

In Luxembourg the 12½ kilo bar was fixed at the equivalent of \$343,60 per ounce against \$345

LONDON FUTURES

Month	Yest'deys close	+ 01	Dono
Nov Neo Fob April June	849,20-49,90 	1.11.1	545, 90-45, 60 349, 90-40, 90
Turnove	r: 293 lots of	100 t	roy Gunces

		·		
Close	834154 34914 (034312 344 (8343.00 (ilon (fine outloo (£273 l ₄ -274 l ₄) £974 274 l ₂ 1 (£273,£41) (£273,730)	\$343.3451 _a \$3441 ₂ .345 \$346.05 0343.00	(E2781-2744) (E2781-2734) (E276,224) (E276,159f
	Oold and	Pietjnum Colr	19 Nov. 19	
	34 £30193 482 £3214 1.6416	1464) Victoria 61 iFrench 1 11 Su Pesce 2823 ₄) 1100 Cor- 51 (420 Eagl	Sov \$8112 83 80s \$60 6754 Mex \$422.4271 Aust \$634.637 les \$520 540	(£26712 970) (£41634 4823; [

EUROPEAN MARKETS

ROTTEROAM, November 12.

Wheat—(U.S. \$ per lonns]: U.S. two solt red winter Oec 162.50, Jen 162. Feb 163, Match 163.50. U.S. two northern epring 14 per cent protein Itec 175. Jan 163.50, feb 185.50, Metch 189.50, Actil/May 179. U.S. northom soring 15 per cent protein Nov 184. Dec 195. April/May 179. U.S. three hard amber durum Oec 191, Jan 292, Feb 203, March 204. Actil/May 183, June 193. Sept 162. Cenedien one western ember durum April/May 206. Maize—(U.S. 5 per tenns!; U.S. three yellow allost 155, Oec 133.50, Jen/Marth 137, April/June 139 eellers, Argentine plets Oec. 173, April/June 131.75 4ellers. geners. beans—(U.S. \$ per tonne): U.S. yellow Gullports Osc 252.50.

Jan 253, Feb 255, March 257.20, April 259.50, May 261.40, June 263.50 sellers. Soyameal—(U.S. \$ per renne]: 42 per cent effoot 172, Nov 167.50, 42 167.50, Jan 167.50, Jan/March 170, April/Sept 187 sellers. Pallats arzeil Occ 185, Jon 190, Jen/March 170, April/Sept 197 sellers. Pellets Argentino sfloat 177, Nov 175, Doc 174, Jen 176, Jan/March 178, May/Oct 195 sellers.

PARIS, November 12.
Sugar—(FFr per tonnel: Merch 14751480, Mey 1530-1535, Aug 1600-1605,
Oct 1668-1664, Occ 1700-1125, March
1818-1928.
Cocus—(FFr per 100 k6]: Occ 21602167, March 2123-2125, May 2135 bid,
July 2135 bid, Sept 2135 bid, Doc 20952115, March 2110 esked.

BASE METALS

BASE METALS

BASE-METAL PRICES generally gave ground on the London Metal Exchange, COPPER suffered from a general tack of interest end tell swey to close the late kerb at £1083.5, after £1079.5, LEAD and ZINC were finally £349 and £525 respectively. ALUMINIUM initially edged up to £982 but a lack of follow-through saw forward metal alip back to £970 before a close of £975.5, A firm showing by the dollar coupled with buffer stock support, litted TIN 10 £9690.

COPPER

Melgameted Metal Trading proceed that in the morning cash Higher Grade traded at £1059, three months £1087, 87.5,

ı	COPPER	Official	1	Unofficial	i –
	High Grdo	£	£	3	<u> </u>
	Cash 6 months Settlem' t Cathodes Gash 3 months Settlem' t	1066-8 1066-8	-8.25 -9.5 -8.6	1079,5-80	-17 ,-16 ! 25 !-2(

TIN

Tin-Morning: Otunderd: Cesh £96 72, 75, three months £9685, 80. Hi Grads: Cesh £9720; three months £97 Grade: Cesh £9720, three months £97	20 20
Kerb: Otandard: Three menths £96 Afternoon: Otandard: Three mon £9680, 85 80, 91, 82, 83, 95, Tumov 1,495 tonnes.	the
TIN Dificial : — Unofficial -	or t
	_

5	TIN		تعت	Unofficial	
•	High Grdo Gash 3 month l Octtlem't.	9720 30 9 720 30	+14,5	3130-40	
	6tandard. Cash 3 menths. Settle m't	9675-80 9670-6	.+17 .+ (1,5.	9690-700	
	Otraits E	\$29,10	i – :		_

Lead	-Morn	ing: C	esh !	C359.5.	59.
th rea	months	£352.	St .S.	51.	Kerb:
Threo	month	£351.	Aften	100n:	Three
month	e £3\$1.	50, 49,	5, 50, 4	19, 50,	49.5.
Kerb:	Three	monthe	£350.	Turr	OVER:
9.060	tonnes.	u.s.	Opot:	26.28	cente
par po	ound,		-		
		.m. :+	ori c	5.m.	+ OF

LEAD	Official	+ 01	unofficiel	; - - 1
Carc Omonths Settlem'	350-1	£ -6 -4,5 -8	359.9 349.5	£ -5 -5.6
TINC				

menths rennes. 45.75 cen	u.a. Prir	ne W		
ZINC	a.m. Official	j+ or	p.m. Jnofflois	+ 6 1 –
Cash 6 menths	623-0 695 6	_1.75 _1.75 _6.25	£ 822.3 683,6-6	5

ALUMINIUM

1	Aluminium—Moming: Cash £949,
ı	thres months £974, 73.5, 73. 73.5, 72,
	73, 72.5, 73 74, 73.5, 73, Kerb. Three
	months £973, 73.5, 74, 74.5, 74, Alter-
1	noon: Three months £973, 72.5, 72, 70,
ı	71, 71 5, 72, 70, 71, 71.5, 71, 72 72
	73, Karb: Three months £974, 75, 76.
1	Turnever: 17,350 tonnes.
ì	
1	Alumin'm a.m. + or p.m. + or
Į	Auminini, sim. + or p.m. '+ or

NICKEL

NICKEL :	e.m. Official	! +_ 0'	r' g.m. 'unotπci	10 + 0 1 + 10
	3743 6 3 a 96 a			
Nickel-	Momleg:	T	hres i	mon1h

£3820, 2(, 25, 28, 26, 25, Alternoon: Three months £3835, 34, 33 39, Kerb: Three months £3840, 38, Turnover: 888

SILVER

Silver was fixed 2.95p en ounce lower for apot delivery in the London buillon market yestetdey et 600.46. U.S. cent equivalents of the fixing levels were: spot 753.2c, down 7.6c; three-month 771.1c, down 7.4c; 5ixmonth 789.4c, down 8.6c; and 12-month 831.2c, down 6.82c. The metal opened at 602.605p (755.758c) and closed et 500.807 (749.752c).

600-603p	(749-7520	1.		
SILVER per troy	Bullion fixing price	+ or	L.M.E. g.m. Unalfic'	+0
8 months, 8 months, 18 months	014,45p	'=2,75 '=2,35	615,26p	-6.0 -4.7

LME—(2,000 oz contrect): cash 601p (606p): three months 615,25p (620p). Tumover 0 (0).

Tumover 36 (62) lots of 10,000 oz. Morning: large 1st ring three months 619.0; 2nd ring three months 619.0; Rerb: large three menths 914. Alternoon: large 1st ring three months 619.S. Kerb: luntreded.

COCOA

Futures traded in a narrow range for much of the day but active selling during the lere alternoon saw prices case and close on a week note, reports

Gril and O	ufi ua .		
COCOA	Yesterday's Close	+ or	Busine
Doo	£ per tonne 1950-2400 1808-1910	-33.0	1844-1
May	1287-1256 1952-1653 1861-1262 1952-1853	-36.5 -36.0	1892-1 1880-1
Nar	1910-1519 1790-1920 48 (4,242) lo	-18.: -80.:	1882-1 1825-1
	discours price		

COFFEE

A quim epening asw orices £12-10 salier on light trade selling, reports Grasel Sumham Lambert. Son November Iraded £50 lower in thin conditions but scale-down commission house buying in January and March restricted the decline in other contracts. Ouring the efternoon values recovered against wasker sterling and a relatively aready New Yest eponing but continued resistance around £2,380, basis January, original feestually. besis January, prevalled. Even prices fell during a busy close. COFFEE Yesterd'ys + or Business

	Liose		Done
	1		
Nov	.2525.30	⊢35. 0	2545-20
January	. 2339-39	—39. 0	2363-41
March	2208-10		,2228-02
May	.9170-79	j-17.	12186-70
July	2101-02		0,2178-62
Sept Nov	0145.48		.215 6 -60 2152-43
Sales: 2,	247 (2,802)	lots o	f 5 tonne
ICII indi	cator price	(U.S.	Cents p
pound) to	Nov 15:	Comp	daily 19

GRAINS

The markets gradually used on lock of interest and slightly weaker physical rade in thin conditions, reports Muir-BARLEY

Mnth	Yesterd'ys close	+ or	Yesterd's	+-
May July Sept_	109.80 116.10 116.50 113.10 97.60	—0.20 —0.15 —0.16 —0.10	86.60	-0.16 -0.20 -0.15
Jan 10 118.50 Salae: Nov u 112 70	nese done 9.85-9.80, I only, July 110 lots (nyaded, Ji only, May 12 lots of	Merch of 100 and 109 and 109 and	113,20-3.10 Sep1 un; Jonnes, l J.30 onfy, Sep1 un;	0, May Iraded. Barley: March
northo 152,55, shipmi md w March March U.S. shipmi	DON GRAIL to spring 1 , Jan 158. Port Bast co inter Osc/J 143.50 bu No 3 int Bast co inter Sal C	Ne 1 1 50, Fe past. len 142 English yer sai yellow, lest se	IS pgr cer b 160 85 U.S. No 2.75, Feb r feed fol et ceest. /French	rent Oec Irens- 2 soft 143.26, Den/ Maize: trans- f Nov/

half Oec 145 quoted. Barley lead (ob Nov 111 selle:

HGCA — Localienel ax-ferm spot oricas. Feed barley: E. Mide 105.80, N. East 107.50, Scettand 103.60, The UK monetary coefficient for the week beginning Monday November 13 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

PIGMEAT

Lower physical prices (ottoo (utures to open slightly lower. Volume was thin end market condulions were dull, reporte CCST Commedities, Month close close done

p. per kilo (doadweight)

Sales: 21 (28) lots of 50 carcases.

POTATOES

In the absence of any Irceh news at home or abroad, Issures sirpped by just mere than £1.00 during serily trade and then rameined in a very nerrow range for the teal of the day, reports Coley and Herpst.

Wonth!	Yesterdy's close	Provious close	Business ! Cone
	C per	tonne	
lov ab prii fay	48,50 68,60 61,50	56,60 49,50 69,40 62,20 68,00	.64.80-52,50 48.50 58.80-58.80 181,80-61.20
	201 (534)		tonnes,

RUBBER

PUTURES—RSS No 1, £ per tonne. Dec 95, 015; Jen 805, 625; Feb 215, 635; Merch 625, 645; April 635, 655; May 645, 665; June 635, 675; July 665, 666; Aug 675, 895; 1985 Jen/Merch 215, 635; 1985 April/June 645, 665; 1985 July/Sept 675, 695, Salsa: 0 (1] lots of 5 tonnes, 0 (22] lots ol 15 tonnes. PHYRICALS—The London

privalicals—The London market opesed unchanged, attracted no interest throughout the day and closed idls, reports Lewis and Pest. Closing prices (buyers): apot 60.00p (samo); Osc 69.50p (sama); Jan 70.25p (same). The Kusia Lumpur Oec fob price for ROS No 1 was 195 25 (196.25) cents a kg and for 2 %R 20 was 185.0 (185.5). SOYABEAN MEAL

The market opened a shade firmer in guiet trading conditions, reports T. G. Roddick. Prices remained in a narrow range, with active trading on

	close	- :	Done
Dec	167,8-107,5 140,5-140,6 141,8-142,2 145,0-145,0 146,0-147,0 147,0-145,0 2 (97) lots	+0.25-18 +0.05 - +0.70 +0.56-14 +0.50 +0.25 ef 20	- 148,4 5,0

SUGAR

LONDOM DAILY PRICE—Rew auger \$13.00 (590.00), down \$4.50 (down 50.00) to tonne lor November-Oscamber-January dativery. White euger \$159.00, down \$8.00.
There was a lack of follow-through down \$6.00.

There was e lack of lollow-through on the downside after the shorp proweekend soll-off and the market
ettempted to consolidate at the lower
levels, reports C. Czemikow.

Con- tract	close	closa	done							
	6 ger tonno									
Mar	145,0-145,0 153,6-153,4 162,6-162,4 169,6-178,2 179,0-177,8 180,6-181,2 3,677 (3,8 and Lyle ted basis 0) s tonno setional Sup per pounc en ports.)	fob sno Prices for 4.34 (4.32	145,9-144,9 155,0-152,4 163,5-161,8 171,2-189,4 177,8-178,4 161,4-150,6 50 tonnos. price for a £194,00 ant—(U.S. d stowed November							

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, soiler, business]. New Zealend cents per kg. Dec 515, 513, 510-509; Jen S16, 512, 509; Merch 514, 516, S16-515; Mey 521, 522, 523-522; Aug 535, 537, 538-538;

Oc. 537, 540, 541-539; Osc 538, 540, 541-540; Jan 539, 542, 541; March 548, 552, 551-550; May 551, 554, 554, Safes; COTTON

LIVERPOOL—Spot and chipment cales amounted to 269 tonnes. Fair offitake with ranewed interest in Middle Eastern qualities was seen. Occasional aupport came in African growths.

INDICES

FINANCIAL, TIMES Nov. 16 Nov. 15 With agolyear ego 896.49 295,13 994,78 883 (Gase: July 1 1952 = 100] REUTERS

Nov. 19 Nov. 16 M'th ago'Yearago 1869,7 1971,0 1890,3 1900.1 (9age: September 18 1931 = 100) MOODY'S

Nov. 16. Nov. 7 M'th ago Yearago 983.4 | 966.0 | 960.2 | 1008.9 (9ase: December 31 1331 = 100) DOW JONES Dow: Nov. Nov. | Month Year Jones 10 7 ago | ago

apot 199,26 194,3 134,45 Fut 128,94 150,13 125,95 140,79

(Beae: Oscamber 31 1974 - 100)

MEAT/FISH SMITHFIELD—Pence per pound. Beef—Scotch killed sides 77.0-84.0; English hindquerters 95.0-98.5 Etre lorequerters 53.5-57.0. Vest—Putch hinde end onds 122.0-125.0. Lamb—English smell 78.0-82.0; medium 76.0-80.0, bs /ey 74.0-82.0; Scotch medium 75.0-78.0, heavy 73.0-76.0; Imported: New Zesland Pt. 65.5-68.0, PX 63.5-64.6, Port—English under 100 ib 53.6-86.6, 100-120 ib 58.0-64.0, 120-160 ib 50.0-56.0.

MEAT COMMISSION—Averose lat-

MEAT COMMISSION—Average let-stock prices at representative markets. GB—Cattle 96.26p per hg lw (-0.24). GB—Oseop 180.60p per kg est dew (-12.18]. GB—Pigs 91.55p per kg lw (-0.05] TEA AUCTION

LONDON TEA AUCTION—31.768 peckages were on offer, including 4.200, packages in the offshore section, Assame met good demend with selected bost, dusts and plainsemsdiums enten dasmr but better modiums rended lower. Sangisdesh tess seld well and sommimes put on 10p or more. East Alrican CTCs came in ler kean competition with better liquoring sorts and brighter mediume often 4-5p higher and coloury Tenzenic teas a particularly mrong feature. Matawis also frequently sofwanced, while Mozambique orthodos aorts met better support than of late et firm ares. except the plainest sorts. Offshore tass met good demend all generally firm retox. Quotations: quality 330p s kg (330p): medium 295p e kg (290p): low medium 250p s kg (2480).

Malaysia plans synthetic rubber factory

KUALA LUMPUR—Malaysia the world'a largest producer and exporter of natural rubber, plans to establish a synthetic rubber factory, according to BC Sekhar, controller and chairman of the Malaysian Rubber Research and Development board. He said the ribbed smoked sheet (RSS) grade would be replaced by a new generation of Standard Malaysian Rubber (SMR) to be introduced next

sian producers should seriously think of blending natural and synthetic rubber to be marketed as new forms of intermediate rubber materials. For this purpose e synthetic factory should be set up—first a pilot plant within a year or two, and then a commercial

plant to be operating in five

He told a press conference to mark his retiremant that Malay-

New York, November 18 Heating oil was elightly Jower as better demend due to unassagnelly abbreter and the extended of the unassagnelly abbreter and the special constitution of the special constitution

COCOA 10 tonnes, \$/to

Close 141.34 138.62 137.20 136.05 134.10 132.38 130.28

COPPER 25,000 lb, cents/lb

OIL (LIGHT)

High 28.08 27.94 27.70 27.64 27.55

High 343.0 344.7

350.0 365.1 360.8 366.3 371.5 379.3 386.0 383.0 400.0

378.0 384.9 391.7 399.2

HEATING OIL cents/U.S. gal

High 41.59 38.80 37.25 36.25 34.10 33.00

May July Sept Dec March

COFFEE

CRUDE

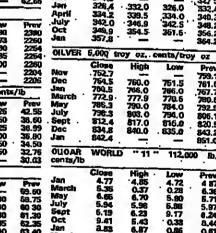
PROMINE JUICE 75,000 lb, centu/b... PLATINUM 50 troy oz. \$/troy oz

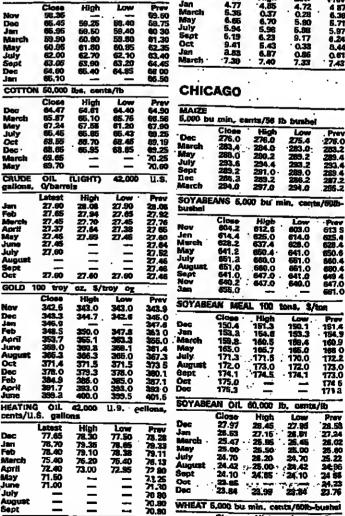
Low 326.0 334.0 342.5 351.6

Char

10minon

MANAGER





und. Hendy and Herman eliver 751.50 (760.00) cents per Iroy Food pledge to Africa UN Food and Agriculture Organisation began a governing council meeting in Rome with a pledge by Director General Edouard Saouma that Africa would remain the agency's main

SPOT PRICES Chiesgo loose lard 31.00 (seme) cents per gound New York th 552.0-64.0 (553.0-64.0) cents cound Hendy and Herman ciliver

Ethiopia buys jute ETHIOPIA has bought 3,500 tonnes of Fringladesh inte worth ebout \$2.2m (£1.7m), Dhaka officials said. Ethiopia needs jule bags to contain relief goods

WHEAT 5,000 bu min. cents/608

هكذا حدث التصل

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

ices sho

tle

FINANCIAL FUTURES

Dollar up despite intervention

The dollar finished around its firmest levels of the day, despite more than one attempt by the German Bundesbank to discourage the foreign exchange market's appetite for the U.S. Currency. The very high U.S. budget deficit, which is expected to exceed \$200bn in the current financial year is rending to \$2.4520; and \$2.4530 from \$ financial year is tending to dampen expectations of any sharp fall in interest rates, despite recent signs of the slow-down in U.S. economic growth. Some fairly aggressive interven-tion by the Federal Reserve to add liquidity to the New York banking system pushed the Federal funds rate down to 91 per cent and led to a slight decline by the dollar in New

York after the Londoo close. In late European trading the U.S. currency had threatened to move above DM 3-00 once again.

A rise of 0.6 per cent in U.S. personal income was in line with expectations but a most furnishment personal income was in line with expectations, but a more important figure as far as gauging the U.S. economy is concerned will be published today, when third quarter gross pational product is generally forecast to be marked down from the earlier estimate of 2.3 per cent growth. The dollar rose to DM 2,9220 from DM 2,9675; FFF 9,1800 from FFF 9,1250; SwFr 2,4735 from POUND SPOT-FORWARD AGAINST POUND

0.4 to close at the day's low of 76.9, after opening at 76.1 and touching a peak of 76.2 at poon, compared with 80.4 six months

The pound remained reasonably well supported from foreign investors boping to become British Telecom sharebalders. Sentiment was also belped by news that more miners had returned to work, leaving ster-

ling stronger against European the U.S. currency. Apart from

EMS EUROPEAN CURRENCY UNIT RATES +0.29 -0.95 -0.42 -0.36 -5.31 -0.97 -1.15 2sigian Franc ...
Danish Krone ...
German D-Mark
Franch Franc ...
Detch Guilder ...
Irish Punt 44.9008 0.14104 2.24184 5.87456 2.52595 0.72569 1403.49 士1.5428 士1.6421 士1.1463 士1.3659 士1.5165 士1.6671 士4.0511 45.0322 -0.94 -5.41 -0.36 -5.30 -0.96 -1.15

The D-mark lost ground to the dollar at the Frankfurt fixing, and the German Bundesbank

made several offorts during the day to restrict any advance by

selling \$27.1m wheo the dollar was fixed at DM 2.9757 compered with DM 2.9622, the German central bank also entered the foreign auchanges as e seller of dollars at least twice during the dollars at least twice during the day. After a strong performance in the Far East the dellar speced around DM 2.98 in Europe, and the Bundesbank was believed to have sold about \$50m by way of three-month forward deallogs when the U.S. currency stood et DM 2.9820. In the afternoon another smaller by the Courter to the co DM 3.72; FFr 11.4525 from FFr 11.42; and SwFr 3.09 from SwFr 3.07. D-MARK -- Trading range spot trading by the German authorities, but failed to make against the dollar in 1984 is 3.1410 to 2.5535. October average 3.0676. Trade-weighted index 122.1 against 124.6 six months

much impression STERLING EXCHANGE RATE INDEX (Bank of England)

Nov 19 Previous 76.1 76.1 76.2 76.2 76.2 76.2 76.2 76.0 11.00 am ... 1.00 pm ... 2.00 pm ... 3.00 pm ... £ in New York

Nevember 10 Prev. close 51.2505-1.2512;81,2555-1.2565 3,05;-0,59 pm 0,04-0,03 pm par-0.04 0/s 0,01-0,03 dis 1,00-1,10 dis 0,99-1,08 0ls DOLLAR SPOT-FORWARD AGAINST DOLLAR

UKt
Imiendt
Cenede
Nethind.
Belgium
Den maik
W. Ger.
Portugel
Spain
Italy
Norway
France
Swedan
Jepan
Austria
Switz.

Changes am for Ecu, therafora weak currency, Adjustment cel

1.2470-1.2560 1.2485-1.2495 5.04-0.07e pm 1.6425-1.8515 1.6430-1.8440 0.17-0.21c dis 4.494-4.224 4.204-4.214 17-1.205 1.3485-1.3504 1.2036-1.3504 1.2036-1.3504 1.2036-1.3504 1.2036-1.2036 1.323-7.44 200.95-203.80 209.10 180-560c dis 2.312-2.3204 1.237-2.319 180-560c dis 2.312-2.3204 1.344-11.454 1.2411-47 10.70-10.73 3034-305 2039-3044 1.242-9re dis 1.304-3.089 20.303-3044 1.242-9re dis 1.304-3.089 20.303-3044 1.242-9re dis 1.306-3.099 20.303-3.09

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Nov. 19	£	. 8		£ Note Rates
Argentina Peso Australia Dollar Brazil Fuzzelro Finland Markko Finland Markko Lireek Dirachma Hong Kong Dollar Kirwait Dinar(KO) Lizeembourg Fr Mglaysia Bollar Now Zealand IIr. Saudi Arab. Riyai Singapora Dollar Singapora Bollar U.A.E. Dirham U.A.E. Dirham	1.4570.1.4590 \$4.14.05.45,85.10 7.7875.7.8062 161.65.106,36 9.7690.9.7660 1.16.30° 0.57849.0.57686 75.40.75.50 2.9980.3.9990 1.6376.2.5326 4.4480.4.4540 3.6820.2.8870 2.2350.2.8428	1,1856-1,1860 2,724-2,739 6,8260-6,2300 120,91-123,98 7,8300-7,6235 51,60° 0,35126-0,50135 60,25 60,35 2,2491-8,4000 2,0215-8,0240 6,5606 3,5610 2,4885-2,1500 1,7675-1,7905	Austria Belgium Denmark France Germany Italy Hatherlands Norway Portugal Spein Swedon Switzerland United States Yugoslavia	26.10-25.40 75.10-76.00 15.40-13.54 11.38-11.60 2.72-3.78 2500-2335 303-308 4.12-4.22 15.80-10.31 1818-217 207-2171 10.65-10.76 5.57-3.15 1.24½-1.26½ 250-260
		- Selling seton,		

EXCHANGE C	EXCHANGE CROSS RATES											
Nov. 19	Pound St'rling	U.S. Dollar	Deutscho m'k	J'panese Yen	FrenehFrance	Swiss France	Dutch Gulld	Italian Lira	Canada Dollar	Belgian Fra		
Pound Sterling	0.801	1,840	2,992	304.3 243.6	17.45	2,090 8,474	4.213 5.375	2518. 1256.	1.644 1.316	76.45 60,30		
Peutschemark Japanese Yen 1,000	3.287	0.334	12,28		3.064 37.64	0.897 10.16	1_127 13.86	7619,	5,440 9,403	20,19 248.5		
French Franc 10 Swiss Franc	0,873 0,384	1.091 5,404	5,263 1,215	265.7 98,46	10, 3,706	2,698 1,	8.678 1.363	2024. 755, 9	1,436 5,538	66,88 24,42		
Dutch Guilder Italian Lin 1,000	0,237 0,431	0.296 5,539	0.687 1.512	79,38 131,3	2,719 4,941	0,734 1,335	1,217	650.6 1000.	0,300 0,709	17.91 32.66		
Canadian Dollar Belgian Franc 100	0.608	0.760 1.655	2,274 4,954	186.1 403.2	6,968 15,12	1.880 4,095	2,564 2,583	1410. 3072.	2,176	49.91 100,		

Morgen Guaranty changes; average

1930-1982-100, Senk of England Index

(base average 1975-100).

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Cullder	Swiss Franc	D-mark	French Franc	talian Liro	Belgia Conv.	n Franc Fin.	Yen	Danien Krone
Short term 7 days' notice	914 918 914 918	956-912 275-975 975-975 275-912 216-10 1512-1058	21-111 ₂ 11-111 ₄ 2015-211 ₈ 1578-11 ₇₆ 21-1-111 ₄ 2114-2176	51g-55g 53g-58g 53g-58g 53g-57g 51g-67g- 67g-57g-	14-14 14-14 44-45 25-55 56-55 56-56	212 54 512 512 612 512 613 678 578 512 512 6	11-114 1078-11 1578-11 1114-1158 1114-1158 1978-1978	1442 1512 1438 1568 15-1519 1618 1558 1514 1558 1618 1548	11.111 ₀ 105 ₄ .111 ₄ 101 ₀ .11 101 ₂ .11 151 ₂ .11 103 ₄ .111 ₄	1034 1114 1058 1054 1058 1554 1012 1058 1512 1554 1012 1034	5-16-6-16 6-16-6-16 6-16-6-16 6-16-6-18 8-16-6-18	731.614 1558.111 1112.12 1142.13 1158.181 1158.191

Axies 5 (closing rates in Singapom): Short-term 9½-9½ per cent; seven days 9½-9½ per cent; one month 9½-9½ per cent; three months 9½-9½ per cent; one year 10½-10½ per cent; leur years 12½-12½ per cent; one year 12½-12½ per cent; other two days' notice.

MONEY MARKETS 🖛

UK rates steady after base rate cut

quarter psint reduction in Barclay's Bank base rate to 9½ per cent. Other clearing banks made to similar move but the Bank of England forecast a shortage of around £250m with England adjusted some of its dealing rates during the afternoon to accommodate the fall.

The sverall picture started to appear rather untidy with some sectors of the market having previously suggested that e reduction in base rates would be hack until much nearer the British Telecom share offer white vesterday'o cut in Barclay's base rate would probably have made it technically undesirable for the market point in the property of the property of the market would probably have made it technically undesirable for the market would probably have made it technically undesirable for the market point in the property of the market would probably have made it technically undesirable for the market point in the property of the market would probably have made it technically undesirable for the market point in the property of the market point in property of the market point in the property of the market property of the proper yesterday'o out in Barclay's base rate would probably have made it technically undesirable for the

Bank not to have followed suit by maintaining pravious dealing The possibility of a common

UK clearing banks' base lending rate 9½ per cent since November 20

future certainly appeared upper-most in the minds of discount houses as the Bank resorted to sale and repurchase agreements after houses had shown a reluctance to part with paper outright, in order to service the shortage of day 10 day credit. Three-month interbank money was quoted at 91-91 per cent against 91-91 per cent while three-month eligible bank bills were bid at 94-91 per cept,

INTERBANK FIXING

(11,00 s.m. Nove 3 months	mber 19) U.S. dollars
bid 2 5/8	offer 9 5/4
9 months	J.S. dollars
bid 9 Thire	offer 10 1/10

me using area are the setument meens, rounded to the neerest enesixteenth of the bid and offered rates for \$10m quoted by the merket to five reference benks at 11 Am sech working day. The benks are National Westmioster Benk. Benk of Tokyo. Ocutache Benk. Beague Nationale de Paris and Margan Ouarenty Trust.

UK interest rates were mostly unchanged from Friday. Overunchanged yesterday after a quarter point reduction in Barclay's Bank base rate to 91 per cent. Other clearing banks made

The Bank of England forecast brought forward balances £65m down from 5.6 per cent down from 5.6 per cent on Friday.

There was no assistance by the Bank in the morning but it gave help in the afternoon on 9 relatest Bundesbank's sales and re-

MONEY RATES Frankfurt Zurioh Amst'dam Tekyo 6.03125 8.34376 107g-171; 0.15 167g-171; 105g-107g 13:13: 44:46 519 .! sa 614 .5. 105e-107e 105e 107e 67-54 2,29126 1718-1713 511 612 516 616

LONDON	MONE	Y RATE	S	D	scount	Houses	Depos	it and	Bill	Rate
Nov. 19 1984	Starling Certificete of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligi0ie Benk (Sali)	Fine Trade (Buy)
yernight	978-974 974-974 974-974 974-974 974-974 974-974	95, 14 ————————————————————————————————————	0 ³ 4·15 15 9 ³ 4·10 0 ⁵ 4 9 ¹ 4 9 ¹ 4 9 ¹ 4 9 ¹ 4	918-1514 	954-15 — — 954-676 919-966 619 236 —	958 918-94 918-94 —	512 9 % 9 %	9494 9494 9494 9898	91-01s 91-01s 91-91 91-91	1049年1

One menth							
Three months	One menth	15 to 10 4		934	9.3-8,4	9 16 816	9 m 0 6e
Six months	Two months	104-10	, –	215		25g-85g	845-0-4
Mine months	Lyles wouther	10th a18	-			915 915	3 4 3 5
One year	Six months	2.16 Auf	ı –		3.66-3.75	57g-91g	958-913
Two years	Mine months	154-10	_	979	10.0-10.2		
Three years	One year	19 r5-818	i . 	바	10.4-10.5 j	914.91g	[9†8101s
Four years		_		_	1 – í		i –
ECGO Fixed Reta Export Financa Scheme IV: Average Reta of Internst period crober 3 to November 6 1984 (undusive): 10.619 per cent. Local authorities an financa houses seven days' notice, others seven days' fixed. Financa House Base Rate (published by the Financa House Association): 11 per cent from November 1 1984. Londen sed Scottish Clearing Benk Rates for Inening 10-per cent. London Deposit Rates 10- sums at seven days' notice 74-72 per cent Transmy Bills: Average tender rates of discount 9.0438 per cent. Certificates of Tax Deposit (Series 9): Caposit 2100,000 end over held under one month 10-12 per cent ens-three months 10 per cent; sk-nin menths 10 per cent; nine-12 months 10 per cent. Under £100,000 91-per cent term November 7. Caposits held under Saries 5 104-per cent. The rate let		_		_	1 — i	_ !	i –
ECGO Fixed Rete Export Finance Scheme IV: Average Rete of Internst period October 3 to November 6 1984 (inclusive): 10.619 per cent. Local authorities and finance houses seven days' notice, others seven days' hadd. Finance House Base Rate (published by the Finance House Association): 11 per cent from November 1 1984. Londen sed Bootlish Clearing Benk Rates for Indian 10½ per cent. London Deposit Rates 10° sums et seven days' notice 7½.7½ par cent Trassury Bills: Average tender rates of discount 9.0438 par cent. Certificates of Tax Deposit (Series 9): Deposit 100,000 end over held under one month 10½ per cent. ens-three months 10 per cent; three-six months 10 per cent; six-nin menths 10 per cent nins-12 months 10 per cent. The rate let rate Movember 7. Deposits held under Saries 5 10½ per cent. The rate let		_		_	- ;	_	·
October 3 to November 6 1984 (inclusive): 10.619 per cent. Local amborities an insance houses seven days' notice, others seven days' haad. Finance House Base Rate (published by the Finance Houses Association): 11 per cent from November 1 1984. Londen sed Scottish Clearing Bonk Rates for fending 10½ per cent. London Deposh Rates for Summer at seven days' notice 7½-7½ per cent Transmy Bills: Average teader rates of discount 9.0438 per cent. Certificates of 7xx Deposht (Series 9): Osposht 2100,000 end over held under one month 10½ per cent: ens-three months 10 per cent; three-six months 10 per cent; six-nin menths 10 per cent; mine-12 months 10 per cent. Under £100,000 9½ per cent from November 7. Ospošty held under Saries 5 10½ per cent. The rate te	FIVO YOUTS	_	1916	_	. – ;	_	i –
cent: ena-three months 10 per cent; three-elx months 10 per cent; alx-nin menths 10 per cent; nine-12 months 10 per cent, Under £100,000 91, per cen Iram November 7. Osposits held under Sarles 5 104, per cent. The rese le	Base Rate (put November 1 198	dished by 4. London	the <i>Finance</i> and Scottini	Houses	Associatio	m): ff per	cent from
menths 10 per cent; nine-12 months 10 per cent, Under £100,000 9½ per centrum November 7. Osposits held under Series 5 10% per cent. The rele le	Tracoury Bills:	Average ter	ider rates o	an sever	n deys'n 9.0438 p	otice 7월·7월 Pr Cent. Ce	par cent
from November 7. Osposits held under Series 5 104 per cent. The rese to	Traesury Bills: /	Averese ter rise 9); Os	ider rates o posit £100,0	an sever discount O end over	n dəyə'n 9.043,8 pi Fr 4 d uni	otice 7%-7% er cent. Ce der one mod	par cent Princates on 104 pe
	Traeeury Bills: / Tax Deposit (Se cent: ens-three	Average ter ries 9); Os months 10	ider rates o posit £100,00) per cent;	en sever discount ond over three-six	n daya" n 9.0438 pi Frheld und months	otice 7½-7½ er cent. Ce der one moi 10 per cer	par cent Princates on 11: 104 pe
	Transury Bills: / Tax Deposit (Secent: ens-three menths 10 per	Average ter rice 9); Car months 1(cant: nine-	ider rates o posit £100,00) per cent; 12 months	an sever discount O end ove three-six 10 per ca	n deys'n 9.0438 pi Frisid uni months nt, Under	otice 7%-7% or cent. Ce der one moi 10 per cer £100,000 9	par ceni Milicates o Mh 104 pe Milicates o Mh 104 pe

	MONEY RATES		E
its	NEW YORK (Lunchtime) Prime rate	114 104-104 94 974	Fo Fa Fl Fl Fr
D1g nied	Treasury Bills One month	7.36 9.45 9.56 8.78 6.97	FFGGGGCC
and 1300 rom per ent. s of per	Treasury Bonds Two year Three year Four year	101½ 100½ 100 ²³ 2 105 ³ 22	GI OI mi im
nine cent ler	10 year	103 ⁴ 2 100 ² 2 101 ⁴ 2	- tu

Mixed trading

Sterling based contracts were lower in very quiet treding. A

quarter point reduction by one clearing bank's base rate was viewed with some disappoint

meDt siDce the market was already anticipeting a balf point

reduction before next week's British Tolocom share flotation

Sterling's weaker trend also depressed values and the three-

month sterling deposit contract for December delivory slipped to 90.35 from 90.41, having opened

Dec 71-07 71-09 70-25 71-07 March 70-13 — — 70-13 Est. volume 835 (1.711) Previous day's open int. 2,076 (2,076)

U.9. TREASURY BONDS 5% \$100,000 32nde el 100%

a1 90.40.

CHICAGO

Euro-dollar prices were firmer little effect on trading. Today on the day but still down from sees the release of U.S. third griday's closing levols in the Longuage don International Financial with 2 rise of around 2.5 per cent futures Exchango yesterday. A softer spening came in line with a previous trend in the U.S. and a stranger cash market. Later to the day values were revived by Federal intervention in the maney market through system requirehase agreements which repurchase agreements which wore seen as being more aggressive than expected. In addition a softer Federal funds rate helped prices recover helped prices recover

U.S. personal iocome figures released yesterdsy showed a rise on 0.6 per cont, in line with market expectations and had LONDON

THREE-MONTH EURDDOLLAR

Close High Low Prev 90.25 90.28 90.18 90.28 90.18 90.28 83.65 83.6 250,000 points of 100% Close High
Dec 90.25 90.41
Merch* 90.49 90.53
June* 90.36 90.42
9ep1* 90.36 90.42
9ep1* 90.06 —
Est. volume 773 (1,417)
Previous day's open int, 2
2500,000 points of 100.
20-YEAR 12**, NOTIONAL 20-YEAR 12% NOTIONAL GILT 250.000 32nds of 100%

7.4 Inner
p.s. months p.s.

5.24 psr-0.05dis -0.06
4.88 1.08-0.98pm 3.95
-1.69 5.41-0.46dis -1.29
5.63 2.12-3.09pm 3.69
-1.00 9-11dis -0.67
-1.07 3.3-ydis -1.21
4.37 5.01-2.95pm 4.07
-22.22 450-1350dis -22.27
-5.95 145-165dis -3.7
-5.90 25.25-25.0d -5.67
-5.67 7.10-7.60dis -3.7
-1.61 9.70-4.10dis -1.7
-2.81 44-5-dis -2.2
5.01 1.99-1.94pm 3.
2 2.12 13.00-11.00pm 2.
4.84 2.76-2.70pm 4.

1.2470-1.2560 1.2485-1.2495 5.04-0.01c pm 1.0278-1.0450 1.0378-1.0388 0.38-0.33c pm 1.3155-1.3170 1.3165-1.3170 0.77-0.20c dis 3.3490-3.3750 3.7340-3.750 1.07-0.20c dis 10.729-10.804 15.804-15.804 1-1.00c pm 47-5°c dis 10.729-10.804 15.804-15.804 1-1.40c dis 156.87-167.50 161.2-162.7 150-450c dis 156.87-167.50 161.2-162.7 150-450c dis 1.485-1.856°c 1.855°c-1.856°c 9.70-0.20lim dis 2.65°s-2.69°c 9.89-8.69°c 9.89-8.69°c 9.70-0.20lim dis 2.65°s-2.69°c 9.89-8.69°c 9.50°c dis 1.00-1.15c dis 3.50°c 9.89-2.103 2.100-21.03 1.00-1.55 dis 3.486-2.4760 2.400-2.90c pm 2.4866-2.4760 2.470-2.4740 1.02-0.96c pm (c. and ireland sm quoted in U.S. currency. For 1 UK and treland am guoted in U.S. currency. Forward pramiums and discounts apply to the U.S. delier and not to the individual currency. Balgion rate is for convertible france. Financial frac 80.50-80.60. CURRENCY MOVEMENTS CURRENCY RATES

Canadian S. 11.45
Austria Sch. 412
Belgian Fr. 11
Danian Kr. 7
Dianian Kr. 8
Dianian K *C\$/85R raia for Hovember 15: 1,32425.

Close High Low Prev 1.2487 1.2535 1.2487 1.2600 h 1.2487 1.2550 1.2497 1.2608 1.2522 1.2577 1.2522 1.2635 wolums 2,937 (12) ous day's epan int. 5,933 (8,933) DEUTSCHE MARKO DN 125,000 \$ per DN Close High Low Prev 5.3347 0.3371 0.3344 0.3382 5.3381 — 5.3415 — 0.3712 Est. volume 252 (7) SWISS FRANCS SWFr 125,000 \$ per SWFr Dec 5,4053 5,4091 0,4053 5, June 0 0,6053 5,4091 0,4053 5, June 0 0 0,6053 5,4091 0,40 STERLING (IMM) Se per £ JAPANESE YEN Y12.5m \$ per Y100 Close High Low 5.4113 0.4124 0.4113 Est. volume 5 (20) Previous day's open Int. 386 (386)

GNMA (CST) 2% \$100,000 32nds of 100% Dec Merch June Sept Dec June

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E WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencles on November 19, 1984. In some cases rate is hominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencles to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar partites and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers rate; (cm) commercial rate; (ch) convertible rate; (financial rate; (exC) exchange tertificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) se0ing rate; (c) controlled rate; (U) unified rate.

COUNTRY	CURRENCY	STERLING	COUNTRY	CURRENCY	VALUE OF £ STERUNC	COUNTRY	CURRENCY	VALUE OF
Afghanistan	Afghani	99,00	Creenland,	Danish Kroner	13.50	Parti	Rol	exe(A)5.785.0
Albania	Lek.	10.56	Grenada	E. Caribboan &	13.50 3.3950 11,4695	Poru Philippines	Philippine Peso	24.35
Anderso	[French Franc	(A) 6,92 11,4525 209.00	Duadaloupe	Local Franc	11,4695	Pitcairn falands	£ Sterling	
Angorra	French Franc	209.00	Buam	D.S. P	1.2490 1.2490			2,5300
Angola	Kwanza	(CM) 37,948	Cuinea	Syll	30.75	Poland		157,92
		5,3860	Guinea-Bissau	Peso	104.72	Portugal Puorto Rico	Portugu'ec Escudo	202,279
Argenuna		165,665	Cuyana	Guyanesa B	5.26	Puerto Rico	U.S. 3	1,2490
Australie	Australian 3	1.4560 26,235 953,275	Halti	Gourde	6,245	Qatar	Qutari Ryal	4.565
Austria	Portugu'se Escudo	952.275	Honduras	Lempira	2.52 9.7625		-	
Bahemas	Ba. Dollar	1.9400	Hong Keng	H.K. \$	9.7625	Reunion feland		11,4525
Bahrain	Sinar	5,4750 909,00	Hungary	Forist	62,275	Romanis	Lou	(N/C)15.48
Balearic Isles	Spa. Peseta	31.85				Rwanda	Rwan5s Franc	129,21
Bangladssh Barbados	Barbados 6	2.499	iceland,	1, Krona	N1A 15,00	St. Christopher	F Orellabore #	
Bolgium	R. France	((cm) 75.45	IndiaIndia	Punish	1,339.75	9t. Helena	St. Helone &	5.3050
Raliva	0.1	(fn) 75,625 2,499	Iran	Rial	115,35 (ag)	St. Holone, St. Lucis	E. Caribbean	1.0 3,3850
BelizeBenin	C.F.A. Franc	679,625	·	4	5.3900	St. Pierre St. Vincent	LOCAL France	11,4525
Barmuda	Eda 9	1.9490	irien Republic	Iradi Dinar	1,2031	Belvader El	I Garippean P	3,3850
Bhutan		16.00 2,498.0(15)	Introdi	Rhakel	689 50	Samos American	U.S. 3	1.2090
Bolivia	Solivian Peso	6,245.0(14)	Italy Ivory Coast	Lira_	9,312.0 670,625	San Marine	Italion Ura	2,312.0 55.37
Botswana	Dula	1.896	Ivory Coast	C.F.A. Franc	670,625	Sao Toms & Prin		56.37
Burkins Faso	C.F.A. Franc	572.626	Jameica	Jamaica Dollar	5,13	Saudi Arabie Senegel	SauOl Ryal	4,4510
9razil	Cruzeiro #	3,404,95 1,2490	JEDER	Yan	304,25	Senegel	C.F.A. Franc	572,625
BLIF AILBIU MICE"	U.S. #		Jordan	Jordanian Dinar	0,498	Seyonelles, Sierra Leone	S. KUDOO	9.03(ag) (0)3.15
Brunel	9runel \$	2,6846	Kampuchea	Rial	N/A	Singapore	Zingapore 3	0.6845
Bulgaria Burma	Kvat	1,2594 10.90	Kenys	Kenya Anilling	N/A 18,72	Solemon Islands		1,6595
9urundl	Burundi Franc	154,6560	Korea(Nth)	Australian 3	1,4580 1,57(1)	Someli Regublio	Somell Onliling	82,474
O	A	579.595	KoresiSth)	Won	1024.72	South Africa Spain	Detain	2,2320
Cameroon	Canadian &		Kuwart	Kuwaiti Dinar	5,6768	Spanish corts in Nerth Africa	- O-014	209,00
Canary IslanOs	Spanish Paseta	1,6435 909,00	Laos	want was	43,715	North Africa	Peseta	209.00
Canada Canary islan0s Cape Verde is Cayman is sn0s	Cape V. Escu0e	111.90	Lebanon,	Lebanese £	9.5280	O) : Plen just " '1181 '1	o unbee	62,20
Cart Afr Care !!	CRY. 18, P		Lenotho	Maluti	9,2390	Sudan Republie	Sudan £ (u)	1.64 8.2355
Cent.Afr. Recobilo	C.F.A. France	672.628 679.525	Liberis	Liberian P	1,2490 0,3700	Surinam Swazijano	Lilanneni	2,9390
		146 95	Liechanstein	Swiss Franc	3.09	Sweden	9. Krona	15,729
China Colembia Comoro Islands	Renminbl Yuan	6,3320	Luxembourg	Lux Franc	75.46	9witzerland	Swiss Franc	6,09
Comoro lelende	C.F.A. France	(F) 150.95 579.696 972.529	Macao,	Dataca	10,1985	Syria	Syrian £	(IA) (T)9.5 (CM:4.0025
Congo (Grazaville),	C.F.A. Franc	972.529	Madolra	Portugise Escudo	202,275			
		(U) 69,29	Madoira	MG Franc	765.0	Telwen	New Talwen B	49.33
Costa Rieg		1.1280	Malaysia	Kwaons	1.85 2.9950	Thailand	ran. Shilling	91.92 33.15
Cube	Cuban Peso	0.7250	Maraysia	Kindhir	2,5500	Togo Republic	C.F.A. Franc	572.695
Cyprus	Cyprus &	((com) 8.70	Maldive lelands	Duffvaa	9,4300	Tongs islands	Pa'snos	1.4585
Zechoelovakia	Koruna	n/c 14.70 15,15(9)	Maidive Islands Mail Republic Maita	C.F.A. Frane	072.675	Trinidad	Trinidad & Teb #	2.9975
na		19.50	Malta	Maltese &	5.59	Turkey	Turkish Ura	1.02 521.89
Donmark 0)	Olibord Franc	91E A 1	Martinique Mauritania	Local Franc	11.4595 84.95	Turks & Calcos	u.a. a	1,2490 1,48 8 0
5eminica	E. Caribbean S	3.3850 (0) 1.9490 (7) 3.747	Mauritius	M. Rupes	18.62	Tuyolu	Australjon \$	1,4860
Dominican Repub'	Paralalean Gesa	(O) 1,2490	Mexico		(F)051.45			
Postulinosti kepto	POMINIQUE POSO				(C)239.27 11.4525	Uganda	Vganda Bhilling	587.0
Ecuador,	9ucra	(O) 93.65 (F) 110.75	Miquelen	LOCAL FRANC	11,4525	United States	ILS Onler	1,2490
_		r 1.0400(15)	Mongolia	Tuerik	4.66 (ID	Uruguay	Uruquev Pese	79.88
Egypt		1,6055(8)	Montserrat	E. Caribbean 5	3,5255	Uruguay Utd. Arab Emiates.	U.A.E. Dirham	4,5905
I Salvador	Octon	9,1352	Morocco	Dirham	11.47(sg) (A)54,20	U.S.S.R	Rouble	1,0696
que torial O vinea.	EKUOIO	418,0 (P) 2,5750	Mozambique Namibia	Mayigai S.A. Rand	9.9390	Upper Volta		121.50
Ethiopia	ETUIODIN DILL		NAUCU	Australian Dollar	1.4850	Vatican	talian tira	9 5 1 3 0
Faiklano felands	Falkian0 (a. €	1.0	Nauru Nepai	Nepalese Rupee	25.07			121.50 2,512.0 (4) 5,30 (5) 9,40
aroe Islanos	Danish Kroner	13,55	i Netherlands	Oullocr	4,2199 2,9356	Vonezuola	Bollvar	
fiji islands Finland	FIJI #	1,3965 7,7975	NetherlandAntilles Now Zealand	Ampilian Guilder	0.6300	Vietnam	Done	(12) 15,3073 (0) 19,93
		11.4829	i Nicaragua	Cordoba	19,57	Virgin Island U.S.,	U.S. Dollar	1,2490
rance	Franch Franc	972.529	Niger Republic	C.F.A. Franc	572.629	_		-,-,-0
rench C'ty in Al rench Guiana	Local Franc	11.4528	Nigeria	Neira	1.5755 leg1	Western Samoa	Samoen Tala	(A)2,9950
renen Pacific (s.	C.F.P. Franc	903,D (eg) 679,695	Norway	Norwegian Krona	10.86	Yemen (Nth)	Dunt	
abon	C.F.A. Frone	679,695	Oman Sul'ate of	Riel Omeni Bekisten Bunct	5,4335	Yemen Ih) !	S. Yemen Diner	7.17 agi (A:0.4996
)embia	Dalasi	5.00 9.7975	Pakistan	rakistan Kupte Rajboa	5,4335 17,95 1,9400	Yugoslayio	New Y Dinar	938.0799
Germany (East) Cermany (West)	Dautocha Mark	3,7975	Papua N. Guines	Kina	1.1405			
Chana	Cedi	48.2405			: N:A:15:	Zario Repuile	Zaira	49,9885
Sibraftar	Cibraltra £	1.0	Paraguay	Guarani	₹553.50:11: L	Zamola I Zimbabwe	rwacije Zimbobwe e	2.40 1.7590
)reace	Deschma	189.425	t .		(407,39(12)			1.7580

Rate is the transfer market (controlled). ## Now one official rate. (#) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential for priority imports sech as foodstuffs. (6) Preferential rate for public sector debt and assessial imports. (5) Preferential rate. (6) Preferential rate. (8) Rate for remittaces of lording currency by Egyptians working shread and tourists. Banknots rate. (15) Rate for exports. (15) Rate for imports. (15) Essential imports. (15) Non-essential imports. (15) Non-essential imports. (16) Non-essential imports.

OVER-THE-COUNTER

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Colored Colore Continued from Page 36 STEEL CO. ST. CSFB to lead first Euroyen CD issue By Our Euromarkets Staff

EUROBONDS

Sweden taps market for \$300m

BY MAGGIE URRY IN LONDON

NEW ISSUE activity was at a high bank's first book-running exercise level in the Europanni market yes- since it took over the London merteroay, although in the dollar sector trading was low and prices little

Sweden was again the borrower bank. The 12-year bond pays interin the news, launching a \$300m two- est at 1/4 per cent over the London tranche deal late in the day, on this interbank offered rate and front First Boston. The \$200m five-year portion pays 11% per cent and was thought attractive, while the \$100m

Earlier, Minrgan Stanley lead managed a \$125m straight issue for the French Caisse Nationale de l'Energie. The 10-year bonds looked expensive with an 11th per cent cou-

pon despite the 99: issue price. ers regarded the terms as tight.
A \$75m floating rate note was with some quoting the bonds outlaunched by First Interstate - the side the 1% per cent fees.

chant bank business of Continental Illinois in the summer. The borrower is Southeast Banking, a Florida end fees are 1 per cent. It was bid

well inside that level at 99.30. The Export Development Corpor ation raised C\$100m with a fiveyear bond paying a 11% per cent coupon. It comes with warrants, giving the right to buy a five-year,

it's per cent bond during a two-year life. The bonds were priced at par and the warrants at CS16, by lead manager Wood Gundy. Trad-

121 per cent coupon for its sevenfared better, trading just inside the Nomura Securities will today

price the first Euroyen issue for a day. foreign corporate borrower - Dow Chemical. The Y50bn issue will have a 10-year life and 7 per cent coupon. The price is likely to be close to par.

bond for Sumitomo Realty and Development with equity warrants attached. The indicated coupon on the five year bond is 8% per cent and the exercise price will be set at around 2% per cent above the share

In an unchanged D-Mark bond

Orion Royal Bank's CS50m issue market BHF Bank set the terms for for American Express, which has a BTR's DM 150m 10-year issue, at a

Swiss frame bonds were mixed but on average unchanged yester-

permission from the Norwegian Ministry of Finance to increase the Euro-Norwegian Krone issue for Norsk Data from NKr 200m to NKr 250m. The ban on foreigners buying domestic NKr bonds has boosted demand for the issue, which is trad-ing around 102% despite the in-crease and the earlier yield cut.

INNOVATIVE ASIAN BORROWER LAUNCHES NOVEL ISSUES

Korea Exchange Bank seeks \$250m

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

KOREA EXCHANGE Bank (KEB) ry Schroder Wagg, Baring Brothers is raising nearly \$250m in the Eu- and Lloyds Bank International, can is raising nearly \$250m in the Euromarkets through the simulta- be converted into dollars at each inneous launch of a £75m finating rate note and a \$150m, five-year Eu-

Both operations are among the first of their type for any Korean borrower, but KEB, normally re-garded as the country's flagship fund-raiser, has gone a stage further by incorporating innovations not previously seen in either mar-

Its 10-year floating rate note, led by Manufacturers Hanover, J. Hen-

terest payment date during its first year. The exchange rate will be fixed at the time of signing.

The Euronote facility can be converted into a floating rate note after its first two years. A provision has also been agreed allowing participating banks to take half the notes directly on to their own books in-stead of distributing them through a tender panel. This will guarantee

include a margin of 4 per cent over the three-month London Interbank posits. If the notes are converted, the margin will apply to the six-month Libor rate for dollars.

Commerzbank, Banque Indosuez, clause It trad Industrial Bank of Japan and Orion Royal Pacific, the Europote facility carries a participating fee of 4 per cent. Maximum yield on the shortterm notes has been set at ¼ per

Terms on the floating rate note both were well received vesterday.

In particular, the floating rate Led by BT Asia, Bank of Tokyo, ket because of its conversion ommerzbank, Banque Indosuez, clause. It traded well within its 1%

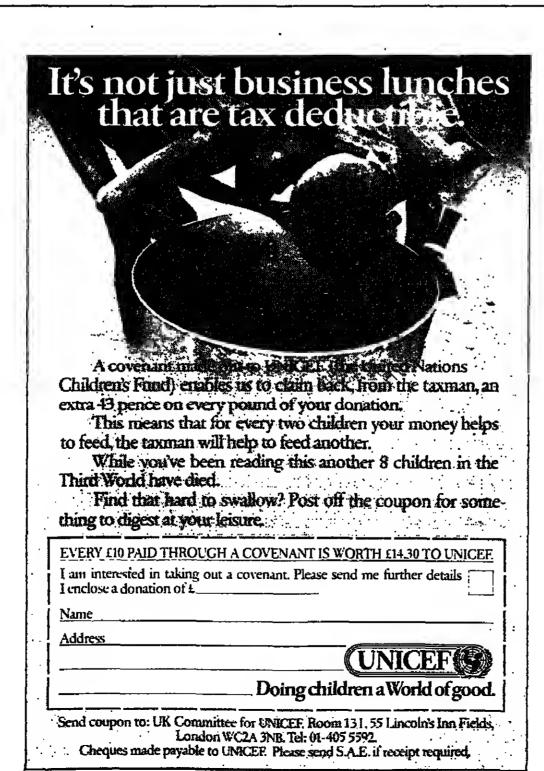
The two deels form a lute addicided on after it became apparent that the original programme would Syndication of both deals has not quite satisfy all the country's been kept entirely separate, but

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 19.

By Our Euromarkets Staff	U.S. DOLLAR			Change	
	STRAIGHTS	Manad 1	Bid Offer	tay .	¥
CREDIT Suisse First Boston is to	All Hippon Airmoys 14 94 Amer Credit 126/s 88		†105%110% †01% 101%		
lead a Y10bn certificate of deposit	Austria Rep 13% 92		187% 187%		
(CD) issue for the London branch of	Bank of Tokyo 1354 91		10417 105	+64	
Credit Suisse, the first CD Issue	Casso Nat Tale 1374 S1		105% 106%		
	Constant Pac 12 7 99		18114 18174		0
ever in Euroyen.	Chewon U.S.A. 1214 89	600	160 Vs 1005Vs		
This follows the decision by the	Coasified Int. 1214 88	125	+108%108%		8
Japanese authorities earlier this	Dreditenstalt 134 81	196	1021/1 1037/4		ᅺ
year to liberalise their financial	Denmark Kingdom 13 91		102% 193%		6
markets. The issue will be formally	Departer Kangdon 1344 91 Departer 1378 88 XW		102% 193% 194% 194%	+0%	3
launched in early December when	Denestrik Kingdom 14 Bl		18414 18434		3
	EJ.8. 121/2 86		192% 183%		4
the new liberal regulations permit-	ELB. 12% 94	100	1947× 1847×	+8%	4
ting Euroyen CDs come into force.	EJ.B. 13 86	200	10217 103	+0%	Ü
Credit Suisse First Boston, which	Ex-les St Japan 1344 91		107 187 V2		4
pioneered the development of the	Florida Fed Sav 123/s 89		180% 188%		4
Eurodollar CD market in the 1960s.	SMAC 0/8 Fix 13 86	200 200	18074 10074		-
	IBM Credit Corp 113/4 87 Indust Bk Japan 123/8 89		181 % 102 102 % 102 %	+9%	4
said yesterday that the six-month	Indust Sk Japan 137/n 91		1071/2 1875/6		
issue would be structured to appeal	Japan Air Lines 12V2 84		1041/2 105	5½s	
to retail investors in Europe with	Japan Air Liges 13% 94		1077/2 1087/2		
low minimum denominations of	LT.S.B. 121/4 81	196	1021/4 1023/4	8	4
Y2m.	Medica Back 13 87	100		B7/s	
Other terms will be finalised later	Merrill Lynch 12% 89				0
	Minnesota 11 Vs 87			+84	
in accordance with Japanese	Mitsubishi Corp 1344 88		1081/s 1864/s 1841/s 1845/s	~- 8 Va	
Ministry of Finance guidelines.	Mostagu 13Vs 91	70		+8%	3
	Mastred, Cay 121/2 81	150	108% 180%		-
 	Morgan Guaranty 127/s 88	150	18814 19834		_
	Newfoundland Prov 13 91		101% 102		-
	Nippur Cred Bk 131/4 89			B1/2	
	Hippon Tale 113/8 96	100			0
	Nove Scotie Pro 1134 91		97% 97%	+81/2	
	Nth America 12% 81			. =	_
	Bueloc Hydra 11 Vs 62		1974z 98		4
	Quebec Prevince 12Vs 94				÷
ches	Raiston Parina 1244 89	100	10274 10274	Ð.	_
		100	**102740374		-
		100		8	+
	Sters 0/S Fin 11% B1			0	=
	Sec Pac Q/S Fin 12 82	100		-8% +8%	
CAN COAST		100	105% 186Va		
		150	189% 101%		_
***	Sweden Kingdom 12% 89		10156 1824	842	+
	Texaco Capital 12% 87		101% 102%	+814	
	Texaco Capital 13Vz 88				-
	Tests insty let 114e 01				-
	Takyo Met 121/a 84	50 100	105% 106% 100% 106%		7
	Walt Disney Pro 124s 87	150		+81/2	
er.		150	100% 108%		ĭ
	World Bank 12V2 94	200	104% 184%		
	Yacada Tsi&Fin 12% 89	100		+84	

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